

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 3.60
(ID # 21458)

MEETING DATE:
Tuesday, June 27, 2023

FROM : OFFICE OF ECONOMIC DEVELOPMENT:

SUBJECT: OFFICE OF ECONOMIC DEVELOPMENT: Approve the Second Amendment to the Subrecipient Agreement with AMPAC Tri-State CDC, Inc. doing business as AmPac Business Capital for Revolving Loan Fund Program microloan services in the amount of \$500,000, without seeking competitive bids. All Districts. [\$500,000 - 100% Economic Development Revolving Loan Funds] (CEQA Exempt) (4/5 Vote Required)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the Second Amendment to the Subrecipient Agreement is not a project under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378 (b) (4); and

Continued on Page 2

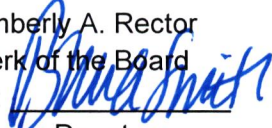
ACTION: Policy, 4/5 Vote Required


Suzanne Holland, Director of Office of Economic Development 5/12/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 27, 2023
xc: O.E.D.

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors:

2. Find that the Second Amendment to the Subrecipient Agreement is Categorically Excluded under the National Environmental Policy Act (NEPA) in accordance with Economic Development Administration Directive 17.02-2.02.(j) for the U.S. Department of Commerce's Economic Development Administration; and
3. Approve the attached Second Amendment to the Subrecipient Agreement with AMPAC Tri-State CDC, Inc., doing business as AmPac Business Capital, ("Second Amendment") for Revolving Loan Fund (RLF) Program microloan services to increase the total contract aggregate amount by \$500,000, from \$750,000 to \$1,250,000, without seeking competitive bids, and authorize the Chairman of the Board to sign the Second Amendment on behalf of the County; and
4. Authorize the Director of the Office of Economic Development, or designee, to take necessary steps to implement the Second Amendment, including, but not limited to: negotiating, approving, and executing, subsequent essential and relevant documents, including, but not limited to the RLF loan documents for borrowers such as loan applications, loan agreements, promissory notes, deeds of trust, security agreements, reconveyance documents, subordination agreements, UCC-1 forms, security releases, and other agreements required by the USED A, subject to approval as to form by County Counsel; and
5. Approve and direct the Auditor-Controller to make the budget adjustments as detailed in the attached Schedule A.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 500,000	\$0	\$ 500,000	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: 100% Economic Development Revolving Loan Funds			Budget Adjustment: Yes	
			For Fiscal Year: 22/23	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On August 23, 2016, the Board of Supervisors of the County of Riverside (County) approved a Financial Assistance Award from the U.S. Department of Commerce, Economic Development Administration (USED A) to establish a Revolving Loan Fund in the County. The purpose of the fund is to support economic development and provide for a source of business capital. The Board of Supervisors also approved and adopted Resolution No. 2016-026, establishing the County of Riverside Office of Economic Development Revolving Loan Fund Program (RLF Program). The total loan pool of \$1,528,633 was capitalized with the grant from USED A (80% of total) and matched by County of Riverside Office of Economic Development funds (20% of

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total). The Office of Economic Development (OED) has been operating the RLF Program since inception and made eight loans to small businesses within the County totaling \$1,000,000 to local businesses.

On May 5, 2020, the Board of Supervisors approved the reprogramming of \$500,000 of RLF funds through an agreement with AMPAC Tri-State CDC, Inc., doing business as AmPac Business Capital (AmPac). This change in the RLF Program operation allowed OED to allocate funds expeditiously in light of the coronavirus' negative economic impacts to small businesses. AmPac possesses the experience, knowledge, and track record of lending to small businesses in the County of Riverside and has an existing web portal with ability to accept loan applications and associated required documentation. The shift enabled OED to work with a private partner that provided the resources needed to handle a high volume of loan applications and quickly deploy microloan funds to county businesses during the pandemic.

Through this public-private process, AmPac was able to fund 24 loans to businesses that helped retain 89 employees in the County. Subsequently, repaid principal and interest of the original loans made by OED had accumulated an additional \$250,000 that could be deployed to continue to assist County businesses access microloans. Therefore, on December 15, 2020, the Board of Supervisors approved the First Amendment to the original Subrecipient Agreement (First Amendment) to make the additional \$250,000 of RLF funding available to AmPac for further lending to small businesses within the county. The First Amendment allocation along with the original agreement allocation of \$500,000 of RLF funds provided an aggregate total of \$750,000 to AmPac. With these funds, AmPac made 40 loans to a variety of businesses in the county that helped retain 118 jobs.

Currently, the RLF program has accumulated \$500,000 from repaid principal and interest on loans previously made by OED. The purpose of this item is to request approval to increase the Revolving Loan Fund Program capital budget allocated to AmPac under a Second Amendment to the Subrecipient Agreement (Second Amendment) using the additional \$500,000 of accumulated funds. This will increase total RLF funds allocated to AmPac from \$750,000 to \$1,250,000. AmPac has loaned out the \$750,000 previously allocated and this request will provide an additional \$500,000 for immediate deployment of microloans to businesses needing funds for business operations. Recapitalizing the loan fund will provide access to capital for small business within the County in the amounts between \$15,000 and \$50,000 with payment terms of five years, and an interest rate of 5%. AmPac and OED will continue to comarket the loan program.

Pursuant to the California Environmental Quality Act (CEQA), the Second Amendment to the Subrecipient Agreement (Second Amendment) was reviewed and determined to not be a project under CEQA pursuant to State CEQA Guidelines section 15378(b)(4). The Second Amendment (Activity) creates a government funding mechanism which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The Activity just allows the County to provide funds to AmPac for

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commercial loans to small businesses. No specific projects have been identified and committed in connection with the approval of the Second Amendment. Each loan derived from RLF and/or issued in connection with the RLF Program will be subject to separate CEQA and/or National Environmental Policy Act (NEPA) environmental review, as applicable, prior to taking any choice limiting action or discretionary action on those specific loans. Additionally, approving the Second Amendment is categorically excluded activity under NEPA pursuant to Economic Development Administration Directive 17.02-2.02(j). The actions to be undertaken to execute the Second Amendment to the Subrecipient Agreement, does not individually or cumulatively have a significant effect on the human environment, it only has financial impacts.

OED staff recommends that the Board of Supervisors approve the proposed Second Amendment to the Subrecipient Agreement and Approve and direct the Auditor-Controller to make the budget adjustments as detailed in the attached Schedule A. County Counsel has approved as to form the Second Amendment to the Subrecipient Agreement.

Impact on Residents and Businesses

The proposed Second Amendment to the Subrecipient Agreement will assist businesses still dealing with economic impacts from COVID-19 to help stabilize their businesses and fund business expansion efforts, thus assisting with retaining and creating jobs in the County.

Additional Fiscal Information

The proposed capital budget increase to AmPac will be funded by USEDAs grant funds and will not impact County General Funds. OED had previously budgeted \$407,500 of RLF funds to be expended in the 2022/2023 Fiscal Year and the additional allocation of \$500,000 to AmPac under the proposed Second Amendment will require a Budget Adjustment of \$92,500, as detailed in the attached Schedule A Budget Adjustment.

Attachments

- Schedule A Budget Adjustment
- Second Amendment to the Subrecipient Agreement (Revolving Loan Fund Program)



Aaron Gettis, Deputy County Counsel 5/24/2023

COUNTY OF RIVERSIDE
SECOND AMENDMENT TO THE SUBRECIPIENT AGREEMENT
WITH
AMPAC TRI-STATE CDC, INC.,
DOING BUSINESS AS AMPAC BUSINESS CAPITAL

This Second Amendment to the Sub-recipient Agreement is entered into by and between the County of Riverside, a political subdivision of the State of California (herein referred to as "COUNTY" or "GRANTEE") through its Office of Economic Development and AMPAC TRI-STATE CDC, INC., a California nonprofit public benefit corporation, doing business as AmPac Business Capital ("SUBRECIPIENT"), sometimes collectively referred to as the "Parties".

RECITALS

WHEREAS, the Sub-recipient Agreement between County of Riverside and AMPAC TRI-STATE CDC, INC., a California nonprofit public benefit corporation, doing business as AmPac Business Capital (AmPac Business Capital), was entered into as of May 5, 2020, ("Sub-agreement") and a First Amendment of Subrecipient Agreement was entered into as of December 15, 2020 for services associated with implementation of the COVID-19 Small Business Assistance Grant Program to address the coronavirus disease 2019 pandemic emergency situation; and

WHEREAS, the Parties desire to amend the Sub-agreement to increase the Budget amount by Five Hundred Thousand dollars (\$500,000) and add language to program income use; and

WHEREAS, the Original Sub-agreement together with the First Amendment and this Second Amendment are collectively referred to herein as the "Sub-agreement";

NOW THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. **Budget.** Section 3.1 of the Sub-agreement is amended to remove the first sentence in its entirety in each paragraph and replaced with the following:

The total estimated capital budget for full performance under this Sub-Recipient Agreement is increased in the amount of Five Hundred Thousand dollars (\$500,000) for a sum total of One Million, Two Hundred Fifty Thousand dollars (\$1,250,000).

- (a) Amount of Federal Funds obligated by this action by COUNTY to SUBRECIPIENT is One Million Thirty-Nine Thousand Two Hundred Seventy-Three dollars (\$1,039,273).
 - (b) Total amount of COUNTY Economic Development Funds obligated by this action by COUNTY to SUBRECIPIENT, including the current obligations, is Two Hundred Ten Thousand Seven Hundred Twenty-Seven dollars (\$210,727).
2. **RLF Income** Section 4.2 of the Sub-agreement is amended to remove the first sentence in its entirety and replaced with the following:

SUBRECIPIENT may use a maximum of 5 percent (5%) of RLF income to pay for RLF administrative costs, provided the income earned and administrative costs are accrued in

COUNTY OF RIVERSIDE
SECOND AMENDMENT TO THE SUBRECIPIENT AGREEMENT
WITH
AMPAC TRI-STATE CDC, INC.,
DOING BUSINESS AS AMPAC BUSINESS CAPITAL

the same SUBRECIPIENT fiscal year, and the costs are reimbursable based on USEDA regulations.

3. All other terms and conditions of the Agreement not modified herein shall remain unchanged.
4. The Effective Date of this Amendment shall be date approved by the Board of Supervisors.

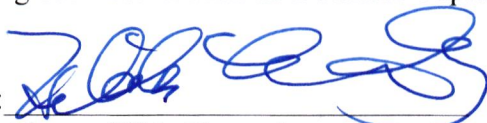
IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Second Amendment.

COUNTY OF RIVERSIDE, a political subdivision of the State of California

By: 
Kevin Jeffries, Chairman
Board of Supervisors

Dated: 6/27/23

AMPAC TRI-STATE CDC, INC., a California nonprofit public benefit corporation doing business as AmPac Business Capital

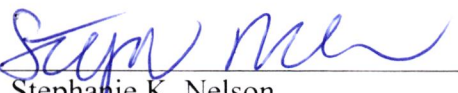
By: 
Name: Hilda Kennedy
Title: Founder/President

Dated: May 24, 2023

ATTEST:
KIMBERLY A. RECTOR
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Minh C. Tran
County Counsel

By: 
Stephanie K. Nelson
Deputy County Counsel

SCHEDULE A
Office of Economic Development
Budget Adjustment
Fiscal Year 2022/2023

Increase in Appropriations:

21150-1900100000-528500	Project Cost Expense	\$92,500
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Use of Restricted Program Money:

21150-1900100000-321101		\$92,500
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