



## Legislation Text

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**File #:** 12-601, **Version:** 1

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Staff Report for Resolution Approving a Loan Agreement and Promissory Note by and Between the City of San Leandro and the San Leandro Unified School District to Assist the District with Its Purchase of the Girls, Inc. Property Located at 13666 East 14th Street

### **RECOMMENDATIONS**

The City Manager recommends that the City Council adopt a resolution, approving the Loan Agreement, and direct the City Manager to take any and all actions related to executing the terms and conditions of the Loan Agreement.

### **BACKGROUND**

The San Leandro Unified School District, in cooperation with Alameda County, applied for Federal grant funding to augment District programs and facilities, including medical and dental clinics to serve District students and the community. As part of that grant application process, the District had to show progress towards acquiring a facility that met the grant's requirements. To that end, the District and the County focused their efforts on the District's acquisition and renovation of 13666 East 14<sup>th</sup> Street, which is currently occupied by Girls, Inc. near the District's San Leandro High School. It is the City's understanding that the acquisition would allow expansion of San Leandro High School programs and activities, create administrative offices, additional classrooms, and community meeting spaces, and would allow the District and County to create neighborhood serving medical and dental clinics. It is also the City's understanding that Girls, Inc. is scheduled to leave its San Leandro headquarters this year for a new facility in downtown Oakland, and is currently amenable to negotiating a sale of the property to the District.

By the action requested herein, the City finds that a loan to the San Leandro Unified School District of \$1,250,000.00 is for a public purpose, because it allows the District to augment its instructional program to benefit District students, the majority of whom live within the City, and because the loan contributes to the public health and welfare by supporting neighborhood-serving medical and dental clinics that will be operated by the District and the County in the property serving not only District students, but also the surrounding neighborhood.

Several months ago, the City and District agreed to a Letter of Intent that provided the City would loan the District monies to assist in the District's efforts to secure the grant funds, and purchase the Girls, Inc. property. The City and District negotiated the terms, and the City drafted a Loan Agreement, evidenced by a promissory note. Staff recommends that the City Council approve the Loan Agreement and form of the promissory note.

### **DISCUSSION AND ANALYSIS**

Under the loan agreement, evidenced by a promissory note, the City will loan the District \$1,250,000

from City General Fund reserves. The loan would be subject to 1.5% interest for the first 3 years, 3% interest for the next 7 years and 5% interest for the final 5 years of the 15 year term; there are strict default provisions that would accelerate all loan monies to come due if a non-payment, late payment or other default by the District occurs. The City will have no maintenance, insurance or upkeep responsibilities for the property to be purchased.

**ATTACHMENT(S)**

- Final draft of Loan Agreement and Promissory Note

**PREPARED BY:** Chris Zapata, City Manager;  
Richard Pio Roda, Assistant City Attorney, City Attorney's Office