



Legislation Details (With Text)

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On agenda:	9/4/2018	Final action:	9/4/2018		
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Title:	RESOLUTION of the City of San Leandro City Council to Substitute Collateral for the Section 108 Guaranteed Loan from the United States Department of Housing and Urban Development (HUD) for the Construction of the San Leandro Senior Community Center by Designating as Collateral \$190,635.20 in the City's General Fund Restricted Reserve				
Sponsors:	Tom Liao				
Indexes:					
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Date	Ver.	Action By	Action	Result
9/4/2018	1	City Council	Adopted	Pass

Resolution of the City of San Leandro City Council to Substitute Collateral for the Section 108 Guaranteed Loan from the United States Department of Housing and Urban Development (HUD) for the Construction of the San Leandro Senior Community Center by Designating as Collateral \$190,635.20 in the City's General Fund Restricted Reserve

WHEREAS, the City previously applied for and received a two million five hundred thousand dollars (\$2,500,000) Section 108 guaranteed loan from the United States Department of Housing and Urban Development ("HUD") for the construction of the San Leandro Senior Community Center ("Section 108 Loan"); and

WHEREAS, as part of the Section 108 Loan, the City executed a promissory note numbered B-08-MC-06-0017, whereby the City promised to repay the Section 108 Loan ("Section 108 Loan Note"); and

WHEREAS, repayment of the Section 108 Loan Note is to come from federal Community Development Block Grant ("CDBG") Funds provided to the City; and

WHEREAS, the terms of the original Section 108 Loan required the City to record a deed of trust against the Senior Community Center property as collateral for the Section 108 Loan Note. However California law prohibits the City from recording a lien against publically owned property; and

WHEREAS, since the City has never provided the deed of trust on the Senior Community Center property, HUD requests that the City provide alternate collateral in the event that CDBG Funds are not available to the City for loan repayment; and

WHEREAS, the City has proposed, and HUD has agreed, that the City can provide restricted General Fund Reserves as collateral; and

WHEREAS, in order to provide collateral for the Section 108 Loan, City staff recommends restricting \$190,635.20 (the "Restricted Amount"), an amount equal to one annual Section 108 Loan debt service payment, in the General Fund Restricted Reserves as collateral for the Section 108 Loan Note; and

WHEREAS, the Restricted Amount must be restricted within the General Fund Reserves until the Section 108 Loan is fully paid in August 2029; and

WHEREAS, in the unlikely event that the City is unable to otherwise meet its repayment obligations during the term of the Section 108 Loan's Note, the Restricted Amount would be utilized to cover the deficiency.

NOW, THEREFORE IT IS RESOLVED by the City Council of the City of San Leandro that:

1. The above recitals are true, correct, and incorporated by reference into this Resolution.
2. The City Council hereby agrees to substitute collateral for the Section 108 Loan, such that the City covenants that it will restrict One Hundred Ninety Thousand Six Hundred Thirty Five Dollars and Twenty Cents (\$190,635.20), an amount equal to one year's debt service on the Section 108 Loan, of the General Fund Restricted Reserves, until such time as the Section 108 Loan is repaid in full. In the event that the City is unable to otherwise meet its repayment obligations during the term of the Section 108 Loan's Note, such funds would be utilized to cover the deficiency.
4. The City Manager is authorized to execute any and all documents, in such form as approved by the City Attorney, and to take such actions, as are necessary to effectuate the intent and purpose of this Resolution.
5. This Resolution shall take effect and be in full force from the date of its adoption.

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