



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 7/7/2020

To: Board of Supervisors, County of Sonoma

Department or Agency Name(s): Community Development Commission and County Administrator's Office

Staff Name and Phone Number: Barbie Robinson, 565-4777

Vote Requirement: 4/5th

Supervisorial District(s): 5th District

Title:

County of Sonoma Note Renewal

Recommended Action:

Approve resolution authorizing issuance of a 1-year note in the current principal amount of \$1,680,000.00 to be sold to the Sonoma County Treasurer to continue to facilitate the financing of the Sonoma County Development Commission's purchase of the surplus real property at 2150 W. College Avenue in Santa Rosa.

Executive Summary:

In July of 2017, the Board facilitated the Sonoma County Community Development Commission's (Commission) purchase of real property located at 2150 W. College Avenue by issuing a \$4.2M note sold to the Sonoma County Treasurer. Using the proceeds of the note, the County loaned the Commission \$4.2M to purchase the property, and the Commission committed to repay that debt with future County Fund for Housing resources, in the approximate amount of \$900,000 per year over five years.

This item allows the County and Treasurer to review the feasibility for issuance of a new note, to be purchased as an investment for the Treasury Pool, subject to the consent of the Treasurer, at the reduced principal of \$1,680,000.00 for this year.

Discussion:

In July of 2017, the County of Sonoma issued a one-year note (see Attachment 3) in the amount of \$4.2 million, and the Sonoma County Treasurer purchased said note at an interest rate not exceeding 2.5 percent per annum, reflecting the Treasury Pool Investment rate plus 75 basis points (0.75%) to facilitate the Commission's purchase of 2150 W. College. The Commission is not authorized to issue debt, which is why the County was a party to these transactions.

The County and the Treasurer will annually review and the County will seek approval from the Board of Supervisors for issuance of a new note, to be purchased as an investment for the Treasury Pool, subject to the consent of the Treasurer, at the then-reduced principal for an additional year, until the amount borrowed is fully paid off (must be no later than at the end of five years from the original loan date.)

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The Debt Advisory Committee gave its consent to the original financing arrangement at its meeting on April 17, 2017.

NOTE REQUEST 2019-2020:

Note Purpose: Affordable Housing Development: Financing the 2017 acquisition of 2150 W. College Ave

Note Amount: \$1,680,000.00

Note Term: 12 months - Note due June 15, 2021

Loan Interest Rate: The most recent calendar quarter pooled interest rate plus 75 basis points rounded up to the nearest tenth

Loan Guarantee: General Fund - although the note is guaranteed by the General Fund, actual repayment will come from County Fund for Housing Affordable Housing In-Lieu Fees.

REPAYMENT SOURCE:

Principal and Accrued Interest: County Fund for Housing Affordable Housing In-Lieu Fees.

RISK OF NON-PAYMENT:

The County Fund for Housing is anticipated to have annual funding of approximately \$2 million per year, between County Reinvestment and Revitalization contributions and the collection of developer Affordable Housing In-Lieu fees. An allocation of approximately \$900,000 per year from the County Fund for Housing will retire the debt by June 15th, 2022. Your Board would also have the flexibility to approve the allocation of more or less funding for County Fund for Housing from County Reinvestment and Revitalization funds in any particular year, should that alternative be necessary or desirable.

Prior Board Actions:

May 14, 2019 - Item #38, County of Sonoma Note Issuance

June 11, 2018 - Item #51, County of Sonoma Note Issuance

June 20, 2017 - Item # 31, Purchase and Sale of Real Property Located at 2150 W. College Ave. Santa Rosa

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	63,000	42,000	21,000
Additional Appropriation Requested			

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Total Expenditures	63,000	42,000	21,000
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	63,000	42,000	21,000
Use of Fund Balance			
Contingencies			
Total Sources	63,000	42,000	21,000

Narrative Explanation of Fiscal Impacts:

Yearly principal and interest payments will be made from the County Fund for Housing using revenue received from Affordable Housing In-Lieu fees; however, appropriations will only be needed for interest expense as the principal payment will reduce the liability of the loan.

The following is an estimated schedule of repayment of the original note:

Date of Note: 7/15/2017

Principal: \$4,200,000

Rate: 2.3%

Payment

Date	Principal	Interest	Balance	Comments
6/15/2018	840,000.00	77,095.89	3,360,000.00	11 months of interest - paid 6/13/18
6/15/2019	840,000.00	77,280.00	2,520,000.00	Rate Increased @ 6/15/2019 to 2.5%
7/21/2020	840,000.00	63,000.00	1,680,000.00	
6/15/2021	840,000.00	42,000.00	840,000.00	
6/15/2022	840,000.00	21,000.00		

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Agenda Date: 7/7/2020

1. Resolution for County of Sonoma Note Issuance
2. Note dated July 21, 2020.
3. Original Note dated July 15, 2017

Related Items “On File” with the Clerk of the Board:

N/A