



# City of Rialto

## Legislation Text

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**File #:** CC-19-007, **Version:** 1

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For City Council Meeting [January 8, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Ahmad R. Ansari, Interim City Administrator

Sean Grayson, Interim City Administrator

FROM: Robb R. Steel, Assistant CA/Development Services Director

Request City Council to Receive and File the Statement of Income and Expense for November 2018 related to the Construction Loan Agreement with Ayala@210LLC for On-site Improvements for the Renaissance Plaza Retail Center on Renaissance Parkway.

### **BACKGROUND:**

On March 14, 2017, the City Council approved an Option to Purchase and Develop Site Agreement ("PDS Agreement") by and between the City of Rialto and Ayala@210LLC ("Developer") for a commercial development known as the Renaissance Plaza on an 8-acre site situated east of Ayala Avenue and north of Renaissance Parkway/Easton Avenue for the proposed Cracker Barrel, Sonic, and hotel ("Project").

On April 24, 2018, the City Council approved a Purchase and Sale Agreement that replaced the PDS Agreement and a Construction Loan Agreement (CLA) by and between the City of Rialto and Developer for a maximum loan amount of \$3,700,000 ("Approved Budget"). The CLA funds the on-site improvements in the Project that includes contractor and consultant costs for grading, asphalt, curb, gutter, and landscaping using City's General Fund non-operation reserves ("On-Site Improvements").

On May 25, 2018, the City deposited \$3,700,000 with Banner Bank pursuant to Sections 3.2 and 3.3 of the CLA ("Fund"). The deposit represented contributions from the General Fund's non-operational reserve. Banner Bank will hold the funding for the project, subject to periodic releases by the City to pay for authorized Project related expenses ("Escrow Activity").

### **ANALYSIS/DISCUSSION:**

The City did not have any expenditures from this Account during November 2018. The City received \$151.80 net investment income during November 2018. A detailed income and expense report showing all activity through the month ending November 30, 2018, is included as **Exhibit A**. The table below summarizes the Escrow Account activity from inception through November 30, 2018:

Summary of Account Status  
Renaissance Plaza On-Site Improvements.

Summary	Date	Fund	Budget	Actuals	Total Amounts
Total Required Expenditures					\$ 3,700,000.00
Total Deposits	10/31/2018				\$ 3,700,000.00
Total Expenditures to Date	10/31/2018				\$ (1,227,358.67)
Wire Fund Cost to Banner			\$	(70.00)	
Interest Paid to the City			\$	(39.67)	
General Fund Reserve		010'	\$ 3,700,000.00	\$ (1,227,249.00)	
Total			\$ 3,700,000.00	\$ (1,227,358.67)	
Remaining Required Expenditures	10/31/2018				\$ 2,472,641.33
Available Funds in Escrow Account (NAV)					
Cash in Banner Bank	10/31/2018			\$2,473,635.45	\$2,473,635.45
<u>Investments</u>					
Cumulative Investment Income	10/31/2018				
Cumulative Realized Investment Gains/(Losses)	10/31/2018				\$ 994.12
Cumulative Unrealized Investment Gains/(Losses)	10/31/2018				\$ -
Net Portfolio Returns	10/31/2018				\$ 994.12
Transfer to City General Fund Reserves	10/31/2018				\$ -
Balance of Investment Earnings in Escrow Account	10/31/2018				\$ 994.12

Source: Reconciliation of November 2018 Statements from Banner Bank

Total authorized expenditures are \$3,700,000. To date, the City has expended \$1,227,358.67 with remaining required expenditures of \$2,472,641.33. The latest monthly statement from Banner Bank is attached hereto as **Exhibit B**.

### **ENVIRONMENTAL IMPACT:**

Pursuant to Section 15378 of the California Environmental Quality Act, a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. A Project does not include the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that October result in a potentially significant physical impact on the environment.

### **GENERAL PLAN CONSISTENCY:**

The proposed action is consistent with the following Guiding Principle of the General Plan:

"Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business."

### **LEGAL REVIEW:**

The City Attorney has reviewed and approved the staff report.

### **FINANCIAL IMPACT:**

The report summarizes various financial transactions of the Construction Loan Agreement with

Ayala@210LLC for on-site improvements in the Renaissance Plaza retail center on Renaissance Parkway, each of Ayala Drives (Project # 180706).

**RECOMMENDATION:**

Staff recommends that the City Council Receive and File the Statement of Income and Expense related to the Construction Loan Agreement with Ayala@210LLC for on-site improvements for the Renaissance Plaza retail center on Renaissance Parkway for the month ending November 30, 2018.