



City of Rialto

Legislation Text

File #: CC-19-366, **Version:** 1

For City Council Meeting [April 9, 2019]

TO: Honorable Mayor and City Council

APPROVAL: 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 February 2019 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 February 2019. The City received \$132.85 of net investment income during February 2019. A detailed income and expense report showing all activity through the month ending February 28, 2019, is included as **Exhibit A**. The table below summarizes the Escrow Account activity from inception through February 28, 2019:

Summary of Account Status Renaissance Plaza On-Site Improvements.

Summary	Date	Fund	Budget	Actuals	To Amount
Total Required Expenditures	2/28/2019				\$ 3,700,000
Total Deposits	2/28/2019				\$ 3,700,000
Total Expenditures to Date	2/28/2019				\$ (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)	27,249.00	
Total		\$3,700,000	(00)	27,358.67	
Remaining Required Expenditures	2/28/2019				\$ 2,472,641.33
Available Funds in Escrow Account (NAV)					
Cash in Banner Bank	2/28/2019			\$2,474,062.43	\$2,474,062.43
Investments					
Cumulative Investment Income	2/28/2019				\$ 1,42
Cumulative Realized Investment Gains/(Losses)	2/28/2019				\$ -
Cumulative Unrealized Investment Gains/(Losses)	2/28/2019				\$ 1,42
Net Portfolio Returns	2/28/2019				\$ -
Transfer to City General Fund Reserves	2/28/2019				\$ 1,42
Balance of Investment Escrow Account	2/28/2019				\$ 1,42

Source: Reconciliation of February 2019 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:

There is no financial impact associated with the approval of this item. 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 February 28, 2019.