

RESOLUTION NO. 2021-022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING THE CITY MANAGER TO EXECUTE THE SECURITY AGREEMENT AND ASSIGNMENT OF DEPOSIT ACCOUNT AGREEMENT AND ALL RELATED DOCUMENTS ASSOCIATED WITH THE CITY'S GUARANTEE OF CONSTRUCTION FINANCING FOR THE DEVELOPMENT OF FORMER CITY-OWNED PROPERTY LOCATED AT 9676 RAILROAD STREET [APNs: 134-0050-043, 134-0050-049, 134- 0050-052 AND A PORTION OF 134-0010-068] (CEQA EXEMPT)

WHEREAS, the City of Elk Grove ("City") sold certain property located at 9676 Railroad Street ("Property") to Eco Green, LLC, a California limited liability company ("Developer"), pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of July 26, 2018, as amended ("Agreement"); and

WHEREAS, pursuant to the Agreement, Developer agrees to develop the property as a multi-phase, approximately \$20.6 million, 60,000 square foot mixed-use project including the renovation of two historic buildings as unique destination restaurants/event space, and a 90-unit market-rate apartment building with ground floor retail (the "Project"); and

WHEREAS, Phase I of the Project consists of the renovation of an approximately 5,000 square foot historic building for use as a restaurant with outdoor dining space; and

WHEREAS, Developer has commenced construction of Phase I of the Project as agreed; and

WHEREAS, due in part to unforeseen economic conditions brought about by the global COVID-19 pandemic, Developer is unable to enter into a lease agreement with a restaurant operator and is, therefore, unable to obtain conventional commercial construction financing necessary to complete construction of Phase I of the Project; and

WHEREAS, Developer has requested assistance from the City to obtain \$1.25 million of construction financing to complete Phase I of the Project and the City is willing and able to provide said support in the form of a pledged collateral guarantee of financing to be obtained by Developer from a commercial bank; and

WHEREAS, Developer, the City, and Farmers and Merchants Bank of California ("F&M Bank") have agreed to a three-party financing structure whereby F&M Bank will issue a \$1.25 million Line of Credit (LOC) to Developer, the City will guarantee Developer's LOC repayment obligations to F&M Bank with a pledged collateral deposit of \$1.25 million of funds at F&M Bank, and Developer will agree to use LOC financing solely for Project costs and to secure the City's guarantee to F&M Bank with a second Deed of Trust on the Property; and

WHEREAS, to effect the financing structure, it is necessary for the City to enter into a Security Agreement between the City and Developer, and an Assignment of Deposit Account Agreement between the City, Developer, and F&M Bank.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby finds that entering into the Security Agreement and the Assignment of Deposit Account Agreement are exempt from the California Environmental Quality Act ("CEQA") pursuant to Pub. Res. Code § 21065 CEQA Guidelines §§ 15060(c),(2)(3); 15378(a); and

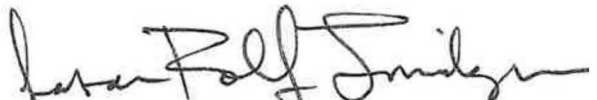
BE IT FURTHER RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to execute the Security Agreement, the Assignment of Deposit Account Agreement, and all related documents associated with the City's guarantee of construction financing for the development of former City-owned property located at 9676 Railroad Street, as described herein, all subject to approval as to legal form by the City Attorney, and further authorizes the City Manager to take all actions reasonably necessary on behalf of the City to finalize the financing as described herein.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 13th day of January 2021




BOBBIE SINGH-ALLEN, MAYOR of the
CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:


JONATHAN P. HOBBS,
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2021-022

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)


I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on January 13, 2021 by the following vote:

AYES: **COUNCILMEMBERS:** *Singh-Allen, Nguyen, Hume, Spease, Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN: **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California