

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Richard Colwell, Chief Assistant CEO-Redevelopment Director *RE Colwell*
Rae James, Deputy Director
DATE: April 3, 2007
SUBJECT: Adopt a Resolution Authorizing the Chief Assistant CEO-Redevelopment Director to Execute a Community Reinvestment Act Loan Agreement with Wells Fargo Bank for \$600,000 for the purpose of Community Revitalization in the North Lake Tahoe Redevelopment Area Subject to the Review of Agency Counsel.

ACTION REQUESTED

Adopt a resolution authorizing the Chief Assistant CEO-Redevelopment Director to execute a Community Reinvestment Act loan agreement with Wells Fargo Bank for \$600,000 for the purpose of community revitalization in the North Lake Tahoe Redevelopment Area subject to the review of Agency Counsel.

BACKGROUND

The Redevelopment Agency (Agency) successfully sought a \$600,000 loan from Wells Fargo Bank under the Community Reinvestment Act program in order to carry out community revitalization in the North Lake Tahoe Redevelopment Area. The Community Reinvestment Act is a 1977 federal law that requires banks to invest money in the geographic areas they serve. The funds from bank loans delivered under this program are targeted for areas of need and contain lenient terms for repayment. The Redevelopment Agency will use these funds to acquire land and assist in the clean up of contaminated sites in Kings Beach. This is the second loan of this type the Agency has received from Wells Fargo. In July 2004, your Board authorized the Agency to enter into an interest only loan with Wells Fargo Bank for \$500,000. That loan balance is outstanding and is due no later than June 2015. Those funds were used to purchase the land for the Minnow Avenue Public Parking Lot in Kings Beach.

Wells Fargo Bank will provide the Agency a \$600,000 unsecured 5-year loan at 2% simple interest per annum on the unpaid balance. The loan term will be extended for an additional year if the Agency is not in default. There are no restrictions on the use of the monies as long as they are used for redevelopment purposes in conformance with Board approved budgeted objectives. Wells Fargo Bank requires that your Board adopt a resolution (see attachment) authorizing the loan and its execution. As indicated above, these funds are planned to be used to purchase land and assist in the clean up of contaminated sites in Kings Beach.

Currently there are two contaminated sites in the Kings Beach community in the North Lake Tahoe Redevelopment Area that would benefit from Wells Fargo Bank loan funds. The project under consideration is located at the eastern gateway into California and Kings Beach. Your Board approval of the purchase agreement for the intended site is the subject of another item on this agenda.

FISCAL IMPACT

The Wells Fargo Bank loan is 2% interest only, with quarterly interest payments on the outstanding principal balance. The outstanding principal balance of the loan will be due and payable five (5) years from the date of disbursement of funds. Your Board approval of this loan will allow the Agency to acquire and/or clean up property and, subsequently, sell it to a developer to recover costs. Repayment of the loan will be made from North Lake Tahoe Redevelopment Area Tax Increment Funds. There is no impact on the County General Fund.

RECOMMENDATION

Adopt a resolution authorizing the Chief Assistant CEO-Redevelopment Director to execute a Community Reinvestment Act loan agreement with Wells Fargo Bank for \$600,000 for the purpose of community revitalization in the North Lake Tahoe Redevelopment Area subject to the review of Agency Counsel.

Attachment: Resolution

cc: Sabrina Thompson, Agency Counsel

**Before the Placer County
Redevelopment Agency Board of Directors
County of Placer, State of California**

In the matter of:

Adopt a resolution authorizing the Chief Assistant CEO-Redevelopment Director to execute a Community Reinvestment Act loan agreement with Wells Fargo Bank for \$600,000 for the purpose of community revitalization in the North Lake Tahoe Redevelopment Area.

Reso. No.

Ord. No.

First Reading.....

The following Resolution was duly passed by the Redevelopment Agency Board

of the County of Placer at a regular meeting held April 3, 2007,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

**Attest:
Clerk of said Board**

Chair, Agency Board

WHEREAS, the Redevelopment Agency (Agency) wishes to promote and encourage the revitalization of the North Lake Tahoe Redevelopment Area; and

WHEREAS, the Agency has established revitalization work plans that meet redevelopment goals through Board approved budget objectives; and

WHEREAS, Wells Fargo Bank has agreed to loan the Agency \$600,000 under its Community Reinvestment Act program; and

WHEREAS, Wells Fargo Bank will provide the Agency a \$600,000 unsecured 5-year loan at 2% simple interest per annum on the unpaid balance with a one year extension if the Agency is not in default; and

WHEREAS, Wells Fargo Bank requires the Board to certify by resolution its authorization to enter into the loan.

NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Agency Board of Directors authorizes the Chief Assistant CEO-Redevelopment Director to enter into, and execute a loan agreement with Wells Fargo Bank for \$600,000 for purposes of community revitalization in the North Lake Tahoe Redevelopment Area.