



Agenda Submittal

Agenda #: 20 **Status:** Received and Filed
Type: Report **Department:** Board of Supervisors
File #: 12-0218 **Contact:** Nancy Huston, 784-6107
Agenda date: 3/27/2012 **Final action:** 3/27/2012
Title: Consider authorizing a short term loan of up to \$300,000 to Vacaville Social Services Corporation (VSSC) from the County's General Fund Contingency as a bridge loan for construction to complete the Vacaville Opportunity House Homeless Shelter with the following terms: quarterly interest-only payments at an interest rate of 3% payable in full (principle and interest) not to exceed 24 months or until permanent financing is in place, which ever come first (4/5 vote required)
Governing body: Board of Supervisors
District: All
Attachments: 1. A - VSSC Loan Request, 2. B - Audited Financials, 3. C - VSSC Balance Sheet 2011, 4. D - VSSC 2012 Program Budget, 5. E - Loan Agreement.pdf, 6. F - Interest Only Loan Payment Calculator, 7. G - City of Vacaville March 13 Agenda, 8. Minute Order.pdf

Date	Ver.	Action By	Action	Result
3/27/2012	1	Board of Supervisors	Approved	

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Solano County Board of Supervisors is requested to consider authorizing a short term loan of up to \$300,000 to Vacaville Social Services Corporation (VSSC) from the County's General Fund Contingency as a bridge loan for construction to complete the Vacaville Opportunity House Homeless Shelter with the following terms: quarterly interest-only payments at an interest rate of 3% payable in full (principle and interest) not to exceed 24 months or until permanent financing is in place, which ever come first (4/5 vote required).

SUMMARY:

The Board of Supervisors is asked to consider a request from the Vacaville Social Services Corporation (VSSC) to make a construction loan for a not to exceed amount of \$300,000 for up to 24 months at an interest rate of 3% to enable the non profit to complete construction at the Vacaville Opportunity House homeless shelter (Attachment A). County staff has met with representatives from the VSSC and they have provided a letter to the County with an overview of their program, an explanation of the need for the requested short-term loan to facilitate the completion of the construction for the Opportunity House shelter project. They have also provided copies to the County of recent VSSC financial statements, and budget for 2012 (Attachments B, C, D). The loan, if approved would come from the County General Fund Contingency.

FINANCIAL IMPACT:

The request for a short-term (24 month) loan from the Vacaville Social Services Corporation (VSSC) is intended to be a bridge loan to facilitate the completion of the construction of the Opportunity House and bridge the time delay between completion of construction and the VSSC securing permanent loan funding. The requested loan if granted by the Board is an unsecured loan from the County and would come from the

County General Fund Contingency (Attachments E and F). The VSSC on March 13, 2012 secured approval for contractual agreement that conveys title for the property from the City of Vacaville to VSSC as part of the 55 year Disposition, Development and Loan Agreement for the sale of the Bennett Hill Court property. The securing of the ownership/title of the Bennett Hill property through the DDLA will enable VSSC to secure permanent long term financing and repay the short term loan requested from the County (Attachment G). County staff has prepared and calculated the potential interest earnings assuming the loan is drawn down in full and not paid back until the end of the 24 month loan period. Currently the County Treasury is earning less than 1% on funds held on deposit, the short term loan is proposed at an interest rate of 3%.

DISCUSSION:

The Vacaville Social Services Corporation (VSSC) which operates the Vacaville Opportunity House homeless shelter is seeking a short-term loan (24 month) from the County to help facilitate their ability to complete the construction of the homeless shelter. The funds will be used to help purchase an elevator, appliances and to finish the interior work of the shelter. The VSSC has already secured a short term loan from the City of Vacaville for \$300,000 for construction purposes and has begun the paperwork process to secure permanent financing from a local lending institution. Due to the delays of changing title of land for the shelter property and the faster than expected construction payments due to the contractor, the Shelter needs additional funds now before the local bank financing is secured. In order to avoid stopping the current construction work, the VSSC is requesting that the County match the current City loan of up to \$300,000 as a bridge loan until the permanent financing is secured.

The Opportunity House non-profit provides a valuable service to vulnerable residents in Solano County and based on the financial information provided to Staff, and the strong likelihood of the Shelter securing permanent financing in the near term; it is recommended that the Board approve this bridge loan of up to \$300,000.

ALTERNATIVES:

1. The Board could provide more direction to staff on this requested loan.
2. The Board could deny or modify the loan request from Opportunity House.

OTHER AGENCY INVOLVEMENT:

The members of the County Debt Advisory Committee were requested by the CAO to review the documents from the Opportunity House. The documents included a copy of audited financial statements, a financial spreadsheet detailing the expenditures and revenues associated with the programs that make up the costs and cash flow which support the request for the loan. The members of the County Debt Advisory Committee chose not to take a position on the loan request and believe that they should only comment on investments made on behalf of the County of Solano.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION