



STAFF REPORT – CITY COUNCIL MEETING

April 19, 2023

TO: Honorable Mayor and City Council Members

FROM: Tabatha Miller, Finance Director

PREPARER: Tabatha Miller, Finance Director

DATE: April 12, 2023

TITLE: **Approve Amended and Restated Unsecured Note Between Open Door Community Health Centers and City of Arcata.**

RECOMMENDATION:

It is recommended that the Council approve the Amended and Restated Unsecured Note between Open Door Community Health Centers and the City of Arcata.

INTRODUCTION:

On February 27, 2013, the City and Open Door Community Health Centers (Open Door) executed a Loan Agreement and Unsecured Promissory Note (Note) to loan Open Door \$35,000 in technical financial assistance for a Community Wellness Center. The City agreed to forgive the \$35,000 Note, so long as Open Door completed construction of a Wellness Center by February 27, 2023. Open Door anticipates completion of the Wellness Center and issuance of the Certificate of Occupancy in October 2023. To provide Open Door the additional time to complete construction, Open Door requested extension of the maturity date of the Note to March 31, 2024.

BACKGROUND:

Open Door applied timely to the City to extend the maturity date of the Note prior to its maturity on February 27, 2023. Transition of staff delayed the City's approval to extend the maturity date, so that Open Door could complete construction and receive the Certificate of Occupancy in order to have the note and loan forgiven.

DISCUSSION:

The City has and continues to support construction of the Community Wellness Center. The loan funds were provided from the City's Community Development Block Grant (CDBG) Program Income with zero percent interest and included the clause to allow the loan to be forgiven. The planning and technical activities provided for in the original loan agreement were fulfilled and assisted with planning for and development of the Wellness Clinic.

The Amended and Restated Note simply provides the additional time to complete construction and receive the Certificate of Occupancy so that Open Door may comply with the terms of the original Note and Loan Agreement, and have the loan forgiven, as both parties intended.

BUDGET/FISCAL IMPACT:

The City's primary interest in providing the forgivable loan was to aid in the construction and eventual operation of the Clinic to benefit the Arcata community. So long as the Wellness Clinic was constructed and operational, repayment of the funds was never anticipated by the City. Therefore, there is no fiscal impact from extending the maturity date of the Note by one year and a month.

ATTACHMENTS:

- A. Amended and Restated Promissory Note 4-7-2023 (DOC)
- B. Open Door Loan Agreement 2-27-2013 (PDF)
- C. Open Door Unsecured Note 2-27-2013 (PDF)