



AGENDA REPORT

Finance Department

DATE:	November 19, 2024
TO:	Mayor Martinez and Members of the City Council
FROM:	Shasa Curl, City Manager Andrea Miller, Finance Director Rita Martinez, Finance Manager II
Subject:	Propose Amendment to the Payment Schedule of the Loan Agreement Between the City of Richmond and the Port of Richmond.
FINANCIAL IMPACT:	The City's General Fund will receive \$4,500,000 within Fiscal Year (FY) 2024-2025.
PREVIOUS COUNCIL ACTION:	October 15, 2013
STATEMENT OF THE ISSUE:	Staff is seeking City Council approval to amend the Payment Schedule of the Loan Agreement between the City and Port to advance \$4,500,000 to the General Fund within FY 2024-2025.
RECOMMENDED ACTION:	AUTHORIZE the city manager to execute the First Amendment to the Amended and Restated Memorandum of Loan Agreement and Promissory Note ("Loan") between the City of Richmond and the Port of Richmond to revise in entirety the Payment Schedule memorializing prepayments on the Loan in the amount of four million five hundred thousand dollars (\$4,500,000) over a six-month period between January 2025 and June 2025 – Finance Department (Andrea Miller 510-620-6790/Rita Martinez 510-621-1546).

DISCUSSION:

The City of Richmond (“City”) has provided services and loans to the Port of Richmond (“Port”) dating back to 1977. On May 17, 2006, the Port and the City entered into a memorandum of agreement and promissory note (the “Loan”), and on May 24, 2007, the Port and City entered into a subsequent memorandum of agreement and promissory note for payment of the Loan (collectively, the “Original Loan Documents”).

On October 15, 2013, the Amended Loan Documents provided that:

- The Loan shall be a non-revolving loan for a term commencing on the date fully executed and ending in 2067,
- The Port may prepay the Loan in whole or in part at any time with no penalty for prepayment,
- The Original Loan Documents will be terminated and replaced with the Amended Loan Documents,
- Rent, together with accrued interest calculated at the Local Agency Investment Fund (“LAIF”) average three (3) year interest rate, for the berthing of the vessel Red Oak Victory at PPMT since in or about August 2004, will offset and reduce the principal amount of the Loan, the sale of any Port property, including Terminal One and Terminal Four, will offset and reduce the balance of the principal amount of the Loan, the offset amount(s) will be determined at the time of such sale(s),
- As a component of its annual budget, the Port will analyze and make a recommendation to the City Council concerning its ability to make debt payments in accordance with the Payment Schedule; the City Council may allow the Port to make adjustments to the yearly payment based on the Port’s ability to make payments at the City Council’s discretion, and
- The Port will pay zero percent (0%) interest moving forward.

Currently, the sale of Port properties has not taken place, and the City is seeking additional available funds from the General Fund to ensure proper funding to cover the project shortfall for the Richmond Main Library Renovation Project; as well as accelerating the overall Port repayment plan by 15 years, with a final payment date of June 2049.

The amended Payment Schedule will deliver a total of \$4,500,000 to the General Fund within a six-month period (January 2025 to June 2025) in Fiscal Year (FY) 2024-2025.

- January 2025 - \$750,000
- February 2025 - \$750,000

- March 2025 - \$750,000
- April 2025 - \$750,000
- May 2025 - \$750,000
- June 2025 - \$750,000

Following the above additional payments to be made in FY 2024-2025, the Port will then follow the revised payment schedule and proceed with the \$150,000 annual payments to the City as agreed upon in the Amended and Restated Memorandum of Loan Agreement and Promissory Note signed by the City Manager on December 17, 2013 (approved by City Council on October 15, 2013).

DOCUMENTS ATTACHED:

Attachment 1 – First Amendment to the Amended and Restated Memorandum of Loan Agreement and Promissory Note

Attachment 2 – Amended and Restated Memorandum of Loan Agreement and Promissory Note