

**SIXTH AMENDMENT TO AND TERMINATION OF  
THE LOAN AGREEMENT BETWEEN  
THE CITY OF RANCHO CORDOVA AND  
THE RANCHO CORDOVA CHAMBER OF COMMERCE**

This Sixth Amendment to and Termination of the Loan Agreement between the City of Rancho Cordova and the Rancho Cordova Chamber of Commerce (the "Amendment") is entered into on \_\_\_\_\_, 2019, by and between the City of Rancho Cordova, a California municipal corporation and public body corporate and politic (the "City") and the Rancho Cordova Chamber of Commerce, a non-profit organization operating under and in accordance with Chapter 501(c)(6) of the Internal Revenue Code ("Chamber"). The City and the Chamber are hereinafter collectively referred to as the "Parties."

**RECITALS**

- A. On January 22, 2008, the City Council authorized the City Manager to help the Chamber by providing the Chamber with a loan to be used to pay its current debt and provide short-term operational funding. Payment of the Chamber's debt allowed it to proceed with events aimed at helping local businesses, while providing positive revenues to the Chamber.
- B. Pursuant to the direction of the City Council, on March 5, 2008 the Parties entered into a loan agreement with the Chamber ("Loan Agreement") whereby the City made a loan to the Chamber in the amount of Two Hundred and One Thousand, Eight Hundred Eighty Two Dollars and Four Cents (\$201,882.04).
- C. On March 5, 2008, the Parties entered into a First Amendment to the Loan Agreement, which amended Sections 1.3, 1.4 and 4.1 of the Loan Agreement relating to the applicable interest rate, loan repayment and establishment of an escrow account.
- D. On July 1, 2009, the Parties entered into a Second Amendment to the Loan Agreement, in which the City agreed to loan the Chamber an additional Thirty-Four Thousand Thirty-Six Dollars and Eight Cents (\$34,036.08) ("Additional Loan"). The Additional Loan was used by the City to pay the Bank of Sacramento monthly payments of Two Thousand Eight Hundred Thirty-Six Dollars and Thirty-Four Cents (\$2,836.34) for the period of April 2009-March 2010. The Second Amendment also extended the deferral period for the repayment of the Loan to the City by the Chamber for an additional year.
- E. On March 1, 2012, the Parties agreed to enter into a Third Amendment to the Loan Agreement in order to amend Sections 1.1 through 1.4, 3.1 and 7.3 of the Loan Agreement. These amendments extended the loan term to January 1, 2025, and provided that the interest rate commencing March 1, 2012 shall be equal to the Local Agency Interest Fund ("LAIF") interest rate plus one percent (1%) for the quarter ending on December 31<sup>st</sup> of the preceding year, with a minimum interest rate of two percent (2%). The amendments further provided that commencing March 1, 2012, the Chamber shall be obligated to make monthly Loan payments of principal and interest in the amount of Two Thousand Three Hundred Dollars (\$2,300) until the Loan is paid off or until January 1, 2025, when the entire remaining principal balance and all accrued interest shall be due. Finally, the Third Amendment added an additional Two Thousand Seven Hundred Ninety-Six Dollars and Forty-Four Cents (\$2,796.44) to the total Loan amount in order to reflect interest payments made by the City to the Bank of Sacramento between April 2008 and March 2009, which were not reflected in earlier amendments to the Loan Agreement.

## ATTACHMENT 2

F. On August 1, 2013, the Parties agreed to enter into a Fourth Amendment to the Loan Agreement in order to amend Sections 1.3, and 1.4, of the Loan Agreement. These amendments provided that the interest rate, commencing August 1, 2013, shall be equal to three percent (3%) but in the event that the LAIF interest rate rises above 3%, the interest rate shall automatically increase to the LAIF interest rate plus 1% . The amendments also provided that the Chamber's monthly payment to the City, commencing August 1, 2013, would be seven hundred dollars (\$700) until June 30 2017, and, commencing July 1, 2017, the Chamber's monthly payments shall be One thousand five hundred dollars (\$1,500) until the loan is paid off or until January 1. 2025, the date when the entire remaining principal balance and all accrued interest shall be due.

G. On June 1, 2016, the Parties entered into a Fifth Amendment to the Loan Agreement in order to amend Sections 1.2, 1.3 and 1.4 of the Loan Agreement. These amendments extended the term of the loan to October 1, 2028. The amendments also provided that the unpaid principal of the loan as of July 1, 2015, shall not accrue any interest until the loan is paid off or the end of the loan term, whichever is earlier and provided that commencing September 1, 2017, the Chamber shall make monthly payments to City of One thousand five hundred and fifty dollars (\$1,550).

H. The Chamber has made some payments pursuant to the Loan Agreement, bringing the total outstanding balance to \$192,079.00, but has not made any payments since April, 2018.

I. The Chamber has requested that the City forgive the remaining loan balance and has demonstrated to the City that it has insufficient revenues to repay the loan and that if the Loan terms are enforced, the Chamber will be unable to continue to carry out activities which are important to supporting a strong business community in the City.

J. The City Council has made the following findings: The Chamber's operations in the City are vital for maintaining and attracting businesses to the City and for serving as a link between local business and local government; the Chamber is often a first line of contact for local businesses and potential businesses seeking out information about the community; and without the Chamber's operations and services to the City, local businesses may leave the City and potential new businesses may choose not to locate in the City, leading to the loss of current and potential tax revenues and resulting in significant adverse impacts to the local economy.

Now, therefore, the Parties hereby agree as follows:

1. All outstanding amounts due or to become due under the Loan Agreement, which total One hundred ninety-two thousand, seventy-nine dollars and ninety-four cents (\$192,079.94), are hereby forgiven and that amount is hereby converted to a grant to the Chamber from the City.

2. It is acknowledged that the grant provided for herein is made in consideration of the valuable and vital services provided to the City which support local businesses and the local economy and which support and result in the generation of local tax revenues and in order to ensure the Chamber's ability to continue to provide those services in and for the City and that the Grant is made in order to allow the Chamber to continue its primary services which are in partnership with, and in support of, the functions of the City.

3. The Loan Agreement is hereby terminated.

**ATTACHMENT 2**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first set forth above, which date shall be considered by the Parties to be the effective date of this Agreement.

City of Rancho Cordova

Chamber

\_\_\_\_\_  
Cyrus Abhar, City Manager

\_\_\_\_\_  
Diann Rogers, President and CEO

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Stacy Leitner, City Clerk

Date: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
Adam Lindgren, City Attorney

Date: \_\_\_\_\_