



DATE: June 26, 2018

CATEGORY: Consent

DEPT.: Community Development Department

TITLE: **Santa Clara Valley Blind Center
Merger with the Vista Center of the
Blind and Visually Impaired and
Approval of Assignment and
Assumption Agreement**

RECOMMENDATION

Authorize the City Manager to execute the assignment and assumption agreement of the loan documents and consent to the merge and transfer of property.

BACKGROUND

In 2008, the City of San Jose and the City of Mountain View jointly funded the Santa Clara Valley Blind Center (SCVBC), a San Jose based non-profit agency that serves blind and visually impaired individuals in Mountain View, San Jose, and Santa Clara County, for building renovations to include the reconfiguration of interior spaces and a roof replacement using Community Development Block Grant (CDBG) funds. The City of Mountain View granted the SCVBC a \$65,000 loan for the project that has since been completed.

SCVBC seeks to merge with The Vista Center for the Blind and Visually Impaired (The Vista Center), another non-profit agency that also serves blind and visually impaired persons. This merger requires the loan documents, consisting of a CDGB Agreement, Deed of Trust and Promissory Note to be assigned from SCVBC to Vista. The Vista Center currently receives CDBG funding from the City. If the merger is approved, SCVBC would no longer exist and The Vista Center would be the sole remaining entity. The CDBG loan agreement executed with the City indicates that the loan may not be assigned to another agency without the expressed prior written consent of the City. The merger would close after both San Jose and Mountain View approve the transfer of the property and the assignment and assumption of the loan documents to The Vista Center. San Jose has already approved the request to merge and SCVBC requests that the City consent to the merger and transfer of property, and approve the assignment and assumption of the loan documents to The Vista Center.

ANALYSIS

The loan the City granted SCVBC is a deferred loan at 3% interest and the balance would be forgiven after 15 years, on December 31, 2022, as long as the agency complies with the terms and conditions of the agreement with the City, the loan documents, and CDBG Program requirements. Because the loan is a deferred loan, no payment has been made to the City to date. The renovation project was completed in 2009 and the SCVBC has met and continues to meet its requirements. In accordance with CDBG regulations, the property has been inspected and it has been verified that the property continues to be in operation for the funded use and that the facility is maintained in good condition.

As mentioned, The Vista Center currently receives CDBG funding from the City. Grant recipients submit their budget when applying for funding as part of the application evaluation process. The Vista Center was awarded funding, due, among other factors, to its sound budget. Additionally, The Vista Center provided the City with its audited financial statements as part of the City's review of the merger. The City finds that a merged entity would provide operational efficiencies in serving the target population, and would remain financially sound as a going concern. The merged entity would continue to serve Mountain View residents as required by the CDBG program.

FISCAL IMPACT

There would be no fiscal impact to the City as the financial obligations of SCVBC would be transferred to The Vista Center if Council approves the merger.

ALTERNATIVES

Do not approve the recommendation, declare the loan immediately due and payable, or provide other input.

PUBLIC NOTICING – Agenda posting.

Prepared by:

Yesenia Jimenez
Associate Planner

Approved by:

Wayne Chen
Assistant Community Development
Director

Randal Tsuda
Community Development Director

Daniel H. Rich
City Manager

YJ/4/CAM
833-06-26-18CR-E

Attachment: 1. Assignment and Assumption Agreement