



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: NOVEMBER 28, 2022

SUBJECT: CONSENT TO ENCUMBRANCE AND ESTOPPEL CERTIFICATE WITH JVE HOLDING, LLC AND COMMONWEALTH BUSINESS BANK – 1408-1520 SOUTH E STREET, SAN BERNARDINO, CALIFORNIA

ISSUE:

Consider approval of the Consent to Encumbrance and Estoppel Certificate with JVE Holding, LLC and Commonwealth Business Bank - 1408-1520 South E Street in San Bernardino, California.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve the Consent to Encumbrance and Estoppel Certificate with JVE Holding, LLC and Commonwealth Business Bank; and
2. Authorize the City Manager, or designee, to execute the Consent to Encumbrance and Estoppel Certificate, including making minor and non-substantive changes, and to sign all documents necessary to complete the transaction.

BACKGROUND:

The City, through Riverside Public Utilities (RPU), owns the 5.13-acre parcel of land located at 1408-1520 South E Street in San Bernardino County, CA (Property). The Property was first developed in 1985 by the previous tenant and has several commercial buildings which are subleased to small businesses.

On December 18, 2012, City Council (Council) approved a 55-year ground lease (Lease) with CRE Retail, LLC for commercial, office, and retail use of the Property.

On October 16, 2014, CRE Retail assigned its rights and obligations under the Lease to JVE Holding, LLC (JVE).

On October 16, 2015, the Board of Public Utilities (Board) recommended approval of a Consent and Estoppel Certificate between JVE and Commonwealth Business Bank (Lender) allowing JVE to refinance their loan in the amount of one million three hundred thousand dollars (\$1,300,000.00). The Council approved the item on November 10, 2015.

On July 24, 2017, the Board recommended approval of a second Consent and Estoppel Certificate between JVE and Commonwealth Business Bank allowing the Tenant to refinance their loan in the amount of \$2,000,000. The City Council approved this item on August 8, 2017.

DISCUSSION:

JVE is requesting approval of a third Consent to Encumbrance and Estoppel Certificate to increase the amount financed to two million eight hundred thousand dollars (\$2,800,000.00). To obtain the financing, the Lender is requiring JVE to provide, as security, a leasehold interest in the Lease.

The City of Riverside (City) is also required to consent to the leasehold interest. By executing the Certificate, the City will be required to provide the Lender with duplicate copies of any default notices sent to the JVE so that the Lender can cure any defaults and assume the Lease. The City must also attest that JVE is not currently in default under the lease.

STRATEGIC PLAN ALIGNMENT:

This item contributes **Strategic Priority 6 - Infrastructure, Mobility & Connectivity** and **Goal 6.2:** Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City is transparent and makes decisions based on sound policy, inclusive community engagement, involvement of City Boards and Commissions, and timely and reliable information. By approving the Consent to Encumbrance and Estoppel Certificate, the City demonstrates that Riverside is committed to serve the public interest, benefitting the City's diverse populations that results in the greater public good.
2. **Equity** – The City is supportive of racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity and is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services. Approving the Consent to Encumbrance and Estoppel Certificate ensures every member of the community has equal access to share the benefits of community progress.
3. **Fiscal Responsibility** – The City is a prudent steward of public funds and approving the Consent to Encumbrance and Estoppel Certificate ensures responsible management of the City's financial resources while providing quality public services to all.
4. **Innovation** – The City is inventive and timely in meeting the community's changing needs. By approving the Consent to Encumbrance and Estoppel Certificate, the City demonstrates how it prepares for the future through collaborative partnerships and adaptive processes outside the City boundaries.
5. **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. Approving the Consent to Encumbrance and Estoppel Certificate ensures the City's capacity to persevere, adapt and grow during good

and difficult times alike.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Chris Christopoulos, Acting Community & Economic Development Director
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability
of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial
Officer/City Treasurer

Attachments:

1. Consent to Encumbrance and Estoppel Certificate
2. Presentation