

RESOLUTION NO. 2023-157

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING THE CITY MANAGER TO EXECUTE A SECURITY AGREEMENT, GOVERNMENTAL CERTIFICATE, COMMERCIAL GUARANTY, ASSIGNMENT OF DEPOSIT ACCOUNT, DOCUMENT SUMMARY AND NOTICE OF FINAL AGREEMENT, AND ALL RELATED DOCUMENTS ASSOCIATED WITH THE CITY'S GUARANTEE OF FINANCING FOR THE SLOW AND LOW RESTAURANT PROJECT LOCATED AT 9700 RAILROAD STREET [APN: 134-0050-082] (CEQA EXEMPT)

WHEREAS, in June 2017 the City of Elk Grove (the "City") initiated the redevelopment of certain public- and privately-owned property located at 9676 and 9700 Railroad Street, respectively, in the City's historic downtown (Old Town) commercial district with the purchase of 9676 Railroad Street; and

WHEREAS, in July 2018 the City entered into a Purchase and Sale Agreement with EcoGreen, LLC, an affiliated entity of Sacramento-based developer D&S Development, for the sale and development of 9676 Railroad Street along with D&S-owned 9700 Railroad Street as a multi-phase mixed-use development project consisting of the renovation of two historic buildings as unique destination restaurants with urban market-rate housing, which project is under construction and nearing completion; and

WHEREAS, EcoGreen, LLC has entered into a lease of 9700 Railroad Street with Slow and Low, LLC for the operation of a craft BBQ and cocktail restaurant known as Slow and Low (the "Restaurant Project") to be owned and operated by restaurateur Michael Hargis who is the sole member and manager of Slow and Low, LLC; and

WHEREAS, Slow and Low, LLC has requested assistance from the City to obtain a \$500,000 commercial loan from River City Bank to complete and open the Restaurant Project, and the City is willing and able to provide said support in the form of a pledged collateral guarantee to River City Bank in favor of Slow and Low, LLC; and

WHEREAS, Slow and Low, LLC, the City, and River City Bank have agreed to a multi-party financing structure whereby River City Bank will issue a \$500,000 commercial loan to Slow and Low, LLC; the City will guarantee Slow and Low, LLC's repayment obligations with a pledged collateral deposit of \$500,000 at River City Bank; Slow and Low, LLC will agree to use the loan proceeds solely for Restaurant Project costs; and the City's guarantee to River City Bank will be secured with a First Deed of Trust on property owned by Michael Hargis and Carry Hargis, as husband and wife (the "Hargises"), located at 7001 Garden Highway, Sacramento County, California [APNs: 201-0260-017 and 201-0260-018] as well as a personal property UCC-1 lien filed against certain restaurant equipment located at 9700 Railroad Street; and

WHEREAS, to effect the financing structure, it is necessary for the City to enter into a Security Agreement between the City, Slow and Low, LLC, and the Hargises, and a Governmental Certificate, Commercial Guaranty, Assignment of Deposit Account, and Document Summary and Notice of Final Agreement between the City and River City Bank.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby finds that the action approved by this resolution does not constitute the approval of a project under the California Environmental Quality Act ("CEQA"), and it is exempt from CEQA review. (Pub. Res. Code §21065, CEQA Guidelines §§15060(c),(2)(3); 15061(b)(3); 15378.); and

BE IT FURTHER RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to execute the Security Agreement between the City of Elk Grove, Slow and Low, LLC, and the Hargises, and the Governmental Certificate, Commercial Guaranty, Assignment of Deposit Account, and Document Summary and Notice of Final Agreement between the City of Elk Grove and River City Bank, and all related documents associated with the City's guarantee of financing for the Slow and Low Restaurant Project located at 9700 Railroad Street, as described herein, all subject to approval as to legal form and sufficiency by the City Attorney, and the City Council further authorizes the City Manager to execute all documents and take all actions reasonably necessary on behalf of the City to effectuate and finalize the financing as described herein.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 28th day of June 2023




BOBBIE SINGH-ALLEN, MAYOR of the
CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:


JONATHAN P. HOBBS,
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2023-157

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 28, 2023 by the following vote:

AYES: COUNCILMEMBERS: Singh-Allen, Spease, Brewer, Robles, Suen

NOES: COUNCILMEMBERS: None

ABSTAIN: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None



Jason Lindgren, City Clerk
City of Elk Grove, California