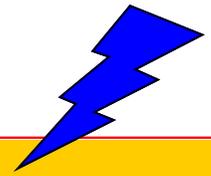


# Action Item #3



March 24, 2023

## ISSUE:

Due to possible delays in cash reimbursements from the State of California (DDS), the Regional Center may want the option of having a revolving loan facility (loan or loans) available to continue business operations without interruption. Delays in cash reimbursements may result from events like untimely passage of the State budget, delays in federal reimbursements due to DDS, or events similar to the COVID-19 pandemic.

## BACKGROUND:

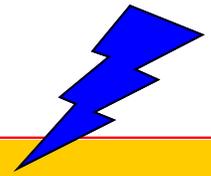
In the prior year, the Regional Center obtained loans from MUFG Union Bank (Bank) for an amount estimated to operate the Regional Center for up to thirty (30) days. The Regional Center had a \$18 million committed loan from June 1, 2022 - August 31, 2022 (three months) and a \$18 million uncommitted loan from September 1, 2022 - May 31, 2023 (nine months). The fee for the committed loan for June 1, 2022 – August 31, 2022 was \$6,100.00. The prior year uncommitted loan did not require a fee as the Bank did not have to set aside the committed funds for regulatory purposes.

The Regional Center used its committed loan for three days in July 2017 and did not borrow during 2018-2022.

## COMMITTED LOAN:

A current year loan of \$21.0 million with a term from June 1, 2023 - August 31, 2023 (three months) is proposed. The \$21.0 million will fund operations for approximately thirty (30) days. There will be no commitment fee associated with this loan as it will be a line of credit and incurs no fees unless drawn upon. Interest charged at the bank's reference rate (currently 7.75%) on any amounts loaned.

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## **UNCOMMITTED LOAN:**

A current year loan of \$21.0 million with a term from September 1, 2023 - May 31, 2024 (nine months) is proposed. A commitment fee is not required. Interest charged at the bank's reference rate (currently 7.75 %) on any amounts loaned.

## **REQUIRED DOCUMENTS:**

If the Regional Center arranges for loans, Company officials must sign the following documents:

Credit and Security Agreement ( Revolving Loan Facility) –  
Committed Loan

Credit and Security Agreement (Revolving Loan Facility) –  
Uncommitted Loan

Authorization to Obtain Credit, Grant, Security, Guarantee, or  
Subordinate

Perfection Certificate.

## **RECOMMENDATION:**

It is recommended the Board of Directors authorize the Chief Financial Officer and Executive Director to sign the Required Documents, which will enable the Regional Center to borrow up to \$21.0 million using three-month committed and nine-month uncommitted loans. Interest charged at the banks reference rate (currently 7.75%) on any amounts loaned. Due to the merger between MUFG Union Bank and US Bank, the FY 23-24 documents for the line of credit will be completed and processed with US Bank (Bank).