

New Hope Community Development Corporation

BOARD OF DIRECTORS

Lisa A. Baker, Executive Director

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DATE: December 3, 2009
TO: New Hope CDC Board of Directors
FROM: Lisa A. Baker, Executive Director
SUBJECT: **Review, Approve and Adopt Partnership Authorizing Resolution for Acquisition and Financing Activity for Rochdale Grange**

RECOMMENDED ACTIONS:

That the Board of Directors:

1. Acting as managing general partner of the Partnership, shall have the Partnership accept the land from Neighborhood Partners as a capital contribution;
2. Authorize the Partnership to enter into any and all agreements necessary to accept ownership of the land for development of the project;
3. Authorize the Partnership to borrow the City HOME Loan;
4. Authorize the Partnership to enter into any and all agreements including loan agreements, promissory notes, deed of trust and those necessary to complete the HOME Loan for the Project;
4. Authorize the Partnership to borrow the AHP Loan;
5. Authorize the Partnership to enter into any and all agreements including direct subsidy agreement, promissory note, deed of trust and those necessary to complete the AHP Loan;
6. Authorize the Partnership to borrow the TCAC MHP Bridge Loan for development of the Project;
7. Authorize the Partnership to enter into any and all agreements including preliminary conditional reservation letter, promissory note, deed of trust and those agreements necessary to complete the TCAC MHP Bridge Loan for development of the Project;
8. Authorize the Partnership to accept the Limited Partner Capital Contribution;
9. Authorize the Partnership to accept the Limited Partner Capital Contribution and authorize the Partnership to enter into any and all agreements necessary to accept the Limited Partner Capital Contribution for the development of the Project;
10. Authorize the Partnership to assume New Hope's and Neighborhood Partner's right, warranties and work products of the Service Contracts for development of the Project; and
11. Authorize the Executive Director to execute any and all necessary documents, including but not limited to, a grant deed, preliminary change of ownership, escrow instructions, loan agreements, regulatory agreements, promissory notes, deed of trusts, assignment agreement, direct subsidy agreement, preliminary conditional reservation letter, conditional commitment and to do all such other acts that may be necessary or required to accept the Land from

Neighborhood Partners and to complete the City HOME Loan, AHP Loan, TCAP ARRA Loan, the TCAC MHP Bridge Loan, the HCD MHP Loan, to accept the Limited Partner Capital Contribution, assume the rights, warranties and work products of the Service Contracts and any and all other activities outlined in the Resolution; and

12. Approve that the Executive Director, in conformance with the Resolution, shall be authorized to execute any other form of resolution required by a lender or investor which the Executive Director determines, with the advice of legal counsel, is substantially equivalent to the approved Resolution.

BACKGROUND / DISCUSSION:

Neighborhood Partners (NP) is a for-profit development company that produces affordable tax credit housing developments. New Hope CDC has recently collaborated with NP on two (2) tax credit projects in the City of Davis: Eleanor Roosevelt and César Chavez Plaza.

Rochdale Grange is a new project with a set-aside of units for the disabled. The project is located on Heritage Parkway in the Spring Lake subdivision of Woodland. Rents are estimated to be set at 35% of annual median income and 50% of annual median income (AMI), in order to make units affordable to persons who receive Social Security or Supplemental Security Income (SSI) and to working households. The project proposes 44 units, of which 65% would be set at 50% of AMI and the balance at the 35% of AMI.

On September 25, 2007, the Board authorized the Executive Director to enter into a General Partners Agreement for the development of Rochdale Grange and authorized New Hope to make application for MHP funds. On September 4, 2008, the Board approved New Hope CDC's entering into the Limited Partnership Agreement to continue to develop the Rochdale Grange project. Construction is set to begin on this project on January 2, 2010. A groundbreaking event was scheduled for December 1, 2009.

As part of the project, Neighborhood Partners received the land for the project and must convey it to the Partnership in order to move forward with the project. In addition, the project must finalize acceptance of the financing and execution of the loan documents. The proposed Resolution authorizes the Partnership to move forward with these processes.

FISCAL IMPACT:

None at this time. Failure to execute would mean the Project would not receive the Land or funding to move forward.

CONCLUSION:

Staff has reviewed the requirements and recommends that the Board approve the execution of the Resolution.

Attachment: Resolution

**NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
FOR ROCHDALE GRANGE, L.P.
PARTNERSHIP AUTHORIZING RESOLUTION
RE: ACQUISITION AND FINANCING ACTIVITY
(Rochdale Grange Community)**

At a duly constituted meeting of the Board of Directors of New Hope Community Development Corporation, a California nonprofit public benefit corporation (the "Corporation"), held on December ____, 2009, the following resolutions were adopted:

WHEREAS, pursuant to that certain Agreement of Limited Partnership, dated as of July 29, 2008, the Corporation entered into a limited partnership known as Rochdale Grange, L.P., a California limited partnership (the "Partnership"), as a general partner together with Neighborhood Partners, LLC, a California limited liability company ("NP"), as a general partner, and NP as the limited partner;

WHEREAS, NP owns that certain land valued at One Million Two Hundred Twenty Thousand Dollars (\$1,220,000) identified as the southwest corner of Heritage Parkway and Parkland Avenue located in Woodland, California (the "Land") which it desires to contribute to the Partnership as a capital contribution for the development of forty-four (44) multi-family units of affordable housing in eight (8) residential buildings, including one (1) manager's unit, and to be known as the Rochdale Grange Community (the "Project");

WHEREAS, the Corporation will act as the managing general partner of the Partnership;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership to have the Partnership accept the Land as a capital contribution from NP;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership to construct the Project on the Land;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to secure construction and permanent financing for the development and operation of the Project;

WHEREAS, the City of Woodland (the "City") has committed a loan of Home Investment Partnership Act ("HOME") funds in the amount of Four Million Dollars (\$4,000,000) (the "City HOME Loan") for the development of the Project;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest

of the Partnership for the Partnership to borrow the City HOME Loan for the development of the Project;

WHEREAS, the First Northern Bank of Dixon (the "Bank") has committed a loan of Affordable Housing Program ("AHP") funds in the amount of Six Hundred Sixteen Thousand Dollars (\$616,000) (the "AHP Loan") for the development of the Project;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to borrow the AHP Loan for the development of the Project;

WHEREAS, the California Tax Credit Allocation Committee ("TCAC") has committed a loan of federal American Recovery and Reinvestment Act ("ARRA") of 2009 Tax Credit Assistance Program ("TCAP") funds in the amount of Three Million Two Hundred Eighty-Six Thousand One Hundred Fourteen Dollars (\$3,286,114) (the "TCAP ARRA Loan") for the development of the Project;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to borrow the TCAP ARRA Loan for the development of the Project;

WHEREAS, TCAC has also committed a bridge loan in the amount of Two Million Nine Hundred Fifty Thousand Six Hundred Twenty-Seven Dollars (\$2,950,627) (the "TCAC MHP Bridge Loan") for the development of the Project and to serve as a loan guaranty for the HCD MHP Loan, as defined below;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to borrow the TCAC MHP Bridge Loan for the development of the Project;

WHEREAS, the Department of Housing and Community Development, a public agency of the State of California ("HCD") has committed a permanent loan of Multifamily Housing Program ("MHP") funds in the amount of Two Million Nine Hundred Fifty Thousand Six Hundred Twenty-Seven Dollars (\$2,950,627) (the "HCD MHP Loan") for the development of the Project and to pay back the TCAC MHP Bridge Loan;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to borrow the HCD MHP Loan for the development of the Project and to pay back the TCAC MHP Loan;

WHEREAS, NP, as the limited partner of the Partnership, is required by TCAC to make a capital contribution to the Partnership in the amount of Eight Hundred Fifty Dollars (\$850) (the "Limited Partner Capital Contribution");

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to accept the Limited Partner Capital Contribution;

WHEREAS, the Corporation and NP, as part of the predevelopment of the Project, entered into professional and service contracts with third parties to provide certain services, required in connection with the development of the Project, including, but not limited to, construction services, architectural services, environmental and geotechnical investigation, surveying services, legal services, land appraisal, civil and structural engineering contracts (collectively the "Service Contracts");

WHEREAS, the Corporation and NP desire to assign their rights, warranties and any work products of the Service Contracts to the Partnership for the development of the Project; and

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, deems it to be in the best interest of the Partnership for the Partnership to assume the Corporation's and NP's rights, warranties and any work products of the Service Contracts for the development of the Project.

NOW, THEREFORE, BE IT RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership accept the Land from NP as a capital contribution.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, a grant deed, a preliminary change of ownership form, escrow instructions, and any and all agreements necessary to accept ownership of the Land for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership borrow the City HOME Loan.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, a loan agreement, a promissory note, a deed of trust, and any and all agreements necessary to consummate the City HOME Loan for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership borrow the AHP Loan.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, a direct subsidy agreement, a promissory note, a deed of trust, and any and all agreements necessary to consummate the AHP Loan for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership borrow the TCAP ARRA Loan.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, a preliminary conditional reservation letter, a promissory note, a deed of trust, and any and all agreements necessary to consummate the TCAP ARRA Loan for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership borrow the TCAC MHP Bridge Loan.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, a preliminary conditional reservation letter, a promissory note, a deed of trust, and any and all agreements necessary to consummate the TCAC MHP Bridge Loan for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Company, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership borrow the HCD MHP Loan.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, a conditional commitment, a regulatory agreement, a promissory note, a deed of trust, and any and all agreements necessary to consummate the HCD MHP Loan for the development of the Project and to pay back the TCAC MHP Bridge Loan.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership accept the Limited Partner Capital Contribution.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements necessary to accept the Limited Partner Capital Contribution for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership assume the Corporation's and NP's rights, warranties and any work products of the Service Contracts for the development of the Project.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation as the managing general partner of the Partnership, shall have the Partnership enter into any and all agreements, including, but not limited to, an assignment agreement, and any and all agreements necessary to assume all of the Corporation's and NP's rights, warranties, and any work products of the Service Contracts for the development of the Project.

FURTHER RESOLVED: That Lisa A. Baker, Executive Director, acting alone, on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to execute any and all necessary documents, including but not limited to, a grant deed, a preliminary change of ownership form, escrow instructions, loan agreements, regulatory agreements, promissory notes, deed of trusts, an assignment agreement, a direct subsidy agreement, a preliminary conditional reservation letter, a conditional commitment, and to do all such other acts and things that may be necessary or required to accept the Land from the Company, to consummate the City HOME Loan, the AHP Loan, the TCAP ARRA Loan, the TCAC MHP Bridge Loan, the HCD MHP Loan, accept the Limited Partner Capital Contribution, assume the Corporation's and NP's rights, warranties and any work products of the Service Contracts, and to do any and all other activities contemplated in this Resolution.

FURTHER RESOLVED: That the Executive Director, acting alone, on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized to execute any other form of resolution required by a lender or investor which the Interim Executive Director determines, with the advice of counsel of the Company, is substantially equivalent to this form of resolution.

RESOLVED FURTHER: That to the extent that any actions authorized herein have already been performed, such actions are ratified and approved.

SECRETARY'S CERTIFICATE

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Directors of the above mentioned Corporation at a meeting of said Board held on the aforementioned date, and that said Resolution is in full force and effect.

Dated: December ___, 2009

By: _____
Lisa A. Baker, Secretary