

New Hope Community Development Corporation

Lisa A. Baker, Executive Director

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MEMORANDUM

DATE: March 15, 2012

TO: Board of Directors of New Hope Community Development Corporation

FROM: Lisa A. Baker, Executive Director

SUBJECT: **Review, Approve and Adopt Resolution Authorizing Partnership with Yolo County Housing to Obtain Financing and Equity to Fund the Acquisition and Rehabilitation of Crosswoods Apartments**

RECOMMENDED ACTION:

That the Board of Directors:

1. Review, Approve and Adopt the Resolution; and
2. Authorize the Executive Director to Negotiate and Execute Any and All Necessary Documents and to Furnish all Materials Necessary to Accomplish the Activities of the Resolution.

BACKGROUND/DISCUSSION:

Apartment is a 48 unit complex located at 646 Third Street, Woodland, CA. Crosswood Apartments was a privately-owned HUD-funded Multi Family project. Yolo County Housing stepped forward when the property was for sale in order to continue to preserve the property's affordability for the community. Ultimately, the property was purchased by its bond pool, Cal-AHA and is currently managed by a private management company.

On October 2, 2008, the Board authorized Lisa A. Baker, Executive Director of Yolo County Housing (YCH) to act as the Agency's chief negotiator for the potential purchase of real property located at 646 3rd Street, Woodland, CA 95695. On April 2, 2009, the Board authorized the Executive Director to execute a Letter of Intent with Cal-AHA for purchase of the property. Cal-AHA then issued a Bond Anticipation Note (BAN) to acquire the property.. Cal-AHA is the current owner. The BAN expires on May 1, 2012, at which time YCH must either acquire the property or Cal-AHA would need to issue a new bond to pay the BAN.

Subsequent to this transaction, YCH partnered with DFA Development and Dawson Holdings, Inc. to bring forward an acquisition-rehabilitation proposal for the property that would meet the criteria laid out in the Letter of Intent with Cal-AHA for acquisition and rehabilitation of the property. DFA and DHA have extensive experience and expertise in these types of acquisition and have worked

with Cal-AHA staff on other transactions. Unfortunately, DFA-DHA were unable to complete a financing package to cover the acquisition and rehabilitation. DHA agreed to be released from its agreement and staff retained DFA to work out a development proposal with YCH as the principal developer. DFA, with Goldfarb-Lippmann as bond counsel, presented YCH with a proposed development package that would meet YCH expectations. At its meeting of December 8, 2011, the YCH Board of Commissioners adopted a Resolution authorizing the formation of a limited partnership with New Hope Community Development Corporation to move forward with the acquisition and rehabilitation of the property and the Board authorized collateralization of YCH's 1212 "L" street lot in the City of Davis to effect the transaction.

In this context, New Hope Community Development Corporation would be YCH's partner in ownership of the project, with YCH having a future right to the property after the expiration of the tax credit period. This proposed development is very similar in nature to the other tax credit properties completed by New Hope Cesar Chavez Plaza and Rochdale Grange – the differences being YCH would be the developer instead of an outside development partner, that this is acquisition and rehabilitation instead of new construction, the use of a HUD mortgage project in lieu of private financing and the ability to layer a continued Section 8 contract to ensure long term affordability.

YCH is moving forward with the U.S. Department of Housing and Urban Development (HUD) on a 221 (d) (4) loan and a state 4% tax credit – YCH/New Hope, with this resolution would apply to CDLAC for a forward commitment of a 4% non-competitive tax credit/bond allocation and YCH has already engaged CBRE HMF, Inc/Capital Markets to finance the 221 (d) (4).

FISCAL IMPACT:

No fiscal impact.

CONCLUSION:

It is recommended that the Board of Directors authorize the Resolution.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
CORPORATE/PARTNERSHIP AUTHORIZING RESOLUTION

RE: FINANCING ACTIVITY, ACQUISITION OF PROPERTY, THIRD PARTY
CONTRACTS, CORPORATION TO ACT AS CO-DEVELOPER, CO-GUARANTOR AND
SOLE SIGNATORY
(Crosswood Apartments)

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 March 15, 2012, the following resolutions were ratified:

WHEREAS, the Corporation was organized for the purpose, among others, of acquiring, rehabilitating and operating low-income housing;

WHEREAS, the Corporation desires to acquire, develop and operate the existing affordable multifamily housing development in Woodland, California, commonly known as Crosswood Apartments (the "Development");

WHEREAS, the Corporation desires to obtain financing and equity to fund the acquisition and rehabilitation of the Development;

WHEREAS, the Corporation desires to form a limited partnership (the "Partnership") to purchase, rehabilitate and operate the Development and utilize the financing and equity (the "Funding") with the Corporation as the Managing General Partner and Yolo County Housing Authority ("Yolo Housing") as the initial limited partner;

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation, and the Corporation acting as the managing general partner of the Partnership, deems it to be in the best interests of the Corporation and the Partnership to have the Partnership acquire fee ownership of the Development for the purpose of rehabilitating and operating the Development and obtaining the Funding;

WHEREAS, the Board of Directors of the Corporation deems it to be in the best interest of the Corporation to have the Corporation act as co-developer of the Development;

WHEREAS, the Corporation and the Partnership anticipate that the Funding will require the Corporation and/or the Partnership to execute completion, repayment, tax credit and/or operating guaranties for the benefit of one or more lenders and equity investors (the "Guaranties");

WHEREAS, the Board of Directors of the Corporation, acting on behalf of the Corporation, deems it to be in the best interest of the Corporation for the Corporation and or the Partnership to act as guarantor of the Development and execute the Guaranties to secure financing for the Development;

WHEREAS, the Corporation desires to work with California Affordable Housing Agency ("CAHA") to obtain an allocation of tax exempt bond financing for the Development and to apply to the California Tax Credit Allocation Committee ("TCAC") for an allocation of low income Housing Tax Credits for the Development;

WHEREAS, the Corporation, as a co-developer of the Development desires to enter into professional and service contracts with third parties to provide certain services required in connection with the Development and to accept assignment of third party contracts previously entered into by Yolo Housing (collectively the "Third Party Contracts");

NOW, THEREFORE, BE IT RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall have the Partnership acquire fee interest in the Development for the purpose of acquiring, rehabilitating, owning and operating the Development.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to have the Corporation and the Partnership execute any and all documents, including, but not limited to, a purchase and sale agreement, a grant deed, escrow instructions, preliminary change of ownership form, transfer tax affidavit, and any and all other documents necessary to have the Partnership acquire fee interest in the Development.

FURTHER RESOLVED: That the Corporation will act as a co-developer of the Development.

FURTHER RESOLVED: That the Corporation and/or the Partnership shall serve as a guarantor under the Guaranties for the Development.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation and/or the Partnership shall be authorized and directed to have the Corporation and/or the Partnership execute any and all documents, including, but not limited to, the Guaranties, and any and all agreements necessary to provide the Guaranties and assist the Partnership in securing the Funding for the acquisition, rehabilitation and operation of the Development.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall have the Partnership apply for and borrow the funds necessary to acquire and rehabilitate the Development.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to have the

Corporation and the Partnership execute any and all documents, including, but not limited to, a loan commitment, a loan agreement, a promissory note, a deed of trust, environmental indemnity, security agreement, certificate of general partner, consents to assignment, subordination agreements, and any and all other documents necessary to consummate the Funding for the acquisition and rehabilitation of the Development.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall have the Corporation make the GP Capital Contribution to the Partnership and shall have the Partnership accept the GP Capital Contribution from the Corporation for the Development.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to have the Corporation and the Partnership execute any and all documents necessary for the Corporation to form the Partnership and make the GP Capital Contribution to the Partnership for the acquisition, rehabilitation and operation of the Development.

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall have the Corporation obtain tax credits and an equity investor to enter the Partnership as a limited Partner in place of Yolo Housing and to make capital contributions to the Partnership.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation and on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to have the Corporation and the Partnership execute any and all documents, including, but not limited to, applications for tax credits, letters of intent with investors, an amended and restated Agreement of Limited Partnership and other ancillary documents to obtain an equity investor for the Development

FURTHER RESOLVED: That the Board of Directors of the Corporation, acting on behalf of the Corporation, and the Corporation acting as the managing general partner of the Partnership, hereby authorizes and approves the Partnership entering into the Third Party Contracts and accept assignment of Third Party Contracts for the Development.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation, and the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to have the Partnership execute any and all of the Third Party Contracts and accept assignment of Third Party Contracts for the Development.

FURTHER RESOLVED: That the Corporation shall be authorized to assign, and the Partnership shall be authorized to accept, any and all agreements, contracts, loans, notes and all

other documents, rights and obligations to the Partnership in order to consummate the Funding and other transactions contemplated by this Resolution.

FURTHER RESOLVED: That the Executive Director, or any other officer of the Corporation, acting on behalf of the Corporation, and the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to execute any and all necessary documents, agreements and certificates, co-develop the Development, obtain fee interest in the Property by the Partnership, provide the Guaranties, consummate the Funding for the Development, provide the Guaranties, have the Partnership accept assignment of and enter into the Third Party Contracts, and to do all other activities contemplated by this Resolution.

FURTHER RESOLVED, that the Corporation, as managing general partner of the Partnership shall be authorized to execute all documents and agreements on behalf of the Partnership without the consent, co-signing or execution of any such documents or agreements by the other general partner of the Partnership or any limited partner of the Partnership.

FURTHER RESOLVED, That the Executive Director, or any other officer of the Corporation, acting alone, on behalf of the Corporation acting as the managing general partner of the Partnership, shall be authorized and directed to have the Partnership execute any and all documents and agreements on behalf of the Partnership without the consent, co-signing or execution of any such documents or agreements by any other general partner of the Partnership or any limited partner of the Partnership.

FURTHER RESOLVED: That the Executive Director, the Secretary or any assistant Secretary or any other officer of the Corporation shall be authorized to execute and certify any other form of resolution required by any lender, investor, regulator or other third party involved in the transaction, so long as the Executive Director and counsel to the Corporation determine that the substance of such resolution does not materially conflict with the substance of this resolution.

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

CERTIFICATION

I, _____, Secretary of New Hope Community Development Corporation, a California nonprofit public benefit corporation, do hereby certify and declare that the foregoing is a full, true and correct copy of the resolution duly passed and adopted by the Board of Directors of said corporation, by written consent of all Directors of said corporation or at a meeting of said Board duly and regularly called, noticed and held on March 15, 2012 at which meeting a quorum of the Board of Directors was present and voted in favor of said resolutions; that said resolutions are now in full force and effect; that there is no provision in the Articles of Incorporation or Bylaws of said corporation limiting the power of the Board of Directors of said corporation to pass the foregoing resolutions and that such resolutions are in conformity with the provisions of such Articles of Incorporation and Bylaws.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the corporate seal of said corporation as of _____, 2012.

_____, Secretary
New Hope Community Development Corporation, a
California nonprofit public benefit corporation