

RESOLUTION NO. 2008-70

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
AUTHORIZING THE CITY MANAGER TO FINALIZE THE REQUEST FOR CERTAIN
AMENDMENTS TO THE PREVIOUSLY APPROVED AFFORDABLE HOUSING LOAN
AGREEMENT WITH MONTEGO-ELK GROVE, LP FOR THE PROPOSED
MONTEGO FALLS PROJECT**

WHEREAS, the City Council approved Resolution 2007-217 on September 26, 2007 providing a financial commitment of \$4,150,000 to Montego-Elk Grove, LP, a California Limited Partnership and authorizing the City Manager to execute loan documents for development of the Montego Falls project; and

WHEREAS, St. Anton Partners, representing the project, submitted a written request to modify certain provisions within the previously approved loan documents; and

WHEREAS, the City Council considered the requested amendments on March 26, 2008;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby amends the agreements previously authorized on September 26, 2007, as shown on the attached Exhibit A and authorizes the City Manager execute the amended agreements in substantially the form on file with the City Clerk.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 26th day of March 2008.



GARY DAVIS, MAYOR of the
CITY OF ELK GROVE

ATTEST:



SUSAN J. BLACKSTON,
ASSISTANT CITY CLERK

APPROVED AS TO FORM:



SUSAN COCHRAN, CITY ATTORNEY

Exhibit A

Montego Falls Affordable Housing Development Comparison of Requested Substantive Modifications

DOCUMENT	CURRENT LANGUAGE	PROPOSED CHANGE	STAFF COMMENTS AND RECOMMENDATIONS (Favorable Recommendations are highlighted below)
LOAN AGREEMENT			
1. Encumbrances §32	List of Encumbrances by Senior Lenders	California Tax Credit Allocation Committee Extended Use Agreement now encumbers the property.	Staff recommends this change as it identifies an anticipated encumbrance that needs to be listed in this section of the Loan Agreement and this change does not create any issues of concern.
DEED OF TRUST			
2. Acceleration on Transfer of Security §27	The current Deed of Trust does not reference possible transfer to non-managing members in the tax credit investors	The Borrower request that transfer of non-managing member interests in tax credit investor would become an exception to City being able to accelerate transfer of security.	Staff recommends in favor of this change because it would not alter the nature of the transaction and the previously agreed upon terms of the loan agreement.
REGULATORY AGREEMENT			
3. Operation and Management §21	The current Regulatory Agreement provides for City approval of a	The Borrower requests that Borrower's obligations for repairing	Staff recommends in favor of this the change because it would not alter the nature

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	schedule of maintenance and repair of the interior of the affordable units.	and restoring damaged or destroyed buildings will be subject to the senior Deed of Trust and the partnership agreement.	of the transaction and the previously agreed upon use of the loan funds.
4. Property Damage §28	The current Regulatory Agreement does not include the reference to the Owner's Partnership Agreement	The Borrower proposed to add the phrase "and the Owner's Partnership Agreement" to this section	Staff recommends in favor of the change because it acknowledges the connection between the Regulatory Agreement and the Partnership Agreement.
5. Transfer and Encumbrance of Property §29	The current Regulatory Agreement states: <i>"Transfer of the Property and Project shall not occur except as permitted by Section 27 of the Deed of Trust."</i>	The Borrower request allows transfer of property after note is paid, subject to some conditions, but if those conditions are met, City may not withhold Borrower's right to transfer.	Staff recommends in favor of the change because it would not alter the nature of the transaction and assure City approval of transfer of the property to an experience entity with similar affordable housing developments.

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2008-70**

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

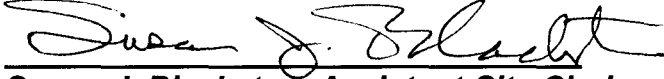
I, Susan J. Blackston, Assistant City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on March 26, 2008 by the following vote:

AYES : **COUNCILMEMBERS:** *Davis, Hume, Scherman, Leary, Cooper*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN : **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



**Susan J. Blackston, Assistant City Clerk
City of Elk Grove, California**