

RESOLUTION NO. 2021-065

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING THE CITY MANAGER TO EXECUTE SUBORDINATION AGREEMENTS FOR PHASE I AND PHASE II OF THE BOW STREET APARTMENTS PROJECT (CEQA EXEMPT)

WHEREAS, the City of Elk Grove (the “City”), on July 24, 2017, entered into an Affordable Housing Loan Agreement (“Loan Agreement”) with Elk Grove Pacific Associates II, LP (“Owner 1”), the purpose of which was to assist with the construction of the Bow Street Apartments - Phase I (“Project 1”) located at 8740 Auberry Way; and

WHEREAS, the City of Elk Grove (the “City”), on August 30, 2017, entered into an Affordable Housing Loan Agreement (“Loan Agreement”) with Elk Grove Pacific Associates III, LP (“Owner 2”, and collectively with Owner 1, the “Owners”), the purpose of which was to assist with the construction of the Bow Street Apartments - Phase II (“Project 2”, and collectively with Project 1, the “Projects”) located at 8740 Auberry Way; and

WHEREAS, the City and the Owner entered into a Subordination Agreement (“Subordination Agreement”) for each Project 1 and 2, with dates concurrent with those noted above, the purpose of which was to subordinate the City’s loans to the Projects’ senior financing; and

WHEREAS, in Section 20 of the Subordination Agreement, the Owners contemplated obtaining permanent financing through Rabobank; and

WHEREAS, subsequent to the execution of the Subordination Agreements, the Owners decided to pursue permanent financing through Banner Bank (“Senior Lender”); and

WHEREAS, the Owners, Senior Lender, and City staff have negotiated Subordination Agreements, to be executed and recorded prior to or in coordination with the closing of anticipated new financing on the Projects; and

WHEREAS, such Subordination Agreements contain substantially the same terms as contained in the Subordination Agreements executed in 2017; and

WHEREAS, the City Council has reviewed the proposed Subordination Agreements, and found the approval of subordination of the City’s loans to the Projects to the Senior Lender to be in the City’s best interest; and

WHEREAS, the approval of the Subordination Agreements does not constitute the approval of a “project” subject to the California Environmental Quality Act (CEQA) because it will result in no direct physical effect on the environment, and is, therefore, exempt from CEQA. (Pub. Res. Code §21065, CEQA Guidelines §§15060(c),(2)(3); 15378(a)).

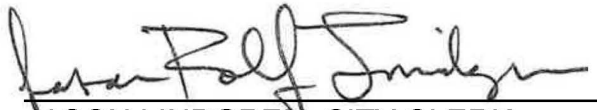
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to execute Subordination Agreements for Project 1 and Project 2, in substantially the form presented and subject to approval by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 10th day of March 2021.

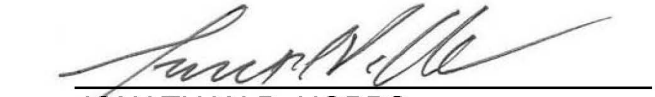


BOBBIE SINGH-ALLEN, MAYOR of the
CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:


JONATHAN P. HOBBS,
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2021-065

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 March 10, 2021 by the following vote:

AYES: **COUNCILMEMBERS:** *Singh-Allen, Nguyen, Hume, Spease, and Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN: **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California