

RESOLUTION NO. 15-03-OB

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF WOODLAND, APPROVING AN AMENDMENT TO CALHFA LOAN NO. HELP-020604-11, A CORRESPONDING FIRST AMENDMENT TO PROMISSORY NOTE FROM HERITAGE OAKS L.P. AND MAKING SPECIFIC FINDINGS RELATED THERETO

WHEREAS, the Redevelopment Agency of the City of Woodland (the “RDA”) and the California Housing Finance Agency (“CalHFA”) entered into that certain Housing Enabled by Local Partnerships (“HELP”) Loan Agreement dated August 23, 2004 (the “HELP Loan”), pursuant to which CalHFA made a loan to the RDA in the principal amount of \$1,550,000 for the purpose of assisting a local housing program in the City of Woodland; and

WHEREAS, the RDA used the HELP Loan to make a corresponding loan of \$1,550,000 to Heritage Oaks, L.P., a California limited partnership (the “Developer”) pursuant to which the RDA made a corresponding loan of the \$1,550,000 in funds received through the HELP Loan to the Developer for the development of Heritage Oaks affordable housing development within the City of Woodland (the “Developer Loan”); and

WHEREAS, the Developer executed a promissory note in favor of the RDA in the original principal amount of \$1,550,000 dated February 1, 2005 (the “Developer Note”) which required the Developer to repay the Developer Loan to the RDA

WHEREAS, on February 1, 2012 the RDA dissolved, and the Successor Agency to the RDA assumed responsibility for all RDA obligations, including paying off all outstanding RDA debts; and

WHEREAS, under the terms of the Developer Note, the Developer was required to pay the full amount of principal and interest due under the Developer Loan on or before October 22, 2014, which amount was intended to be passed through to CalHFA to repay the HELP Loan; and

WHEREAS, under the terms of the HELP Loan all principal and interest on the HELP Loan became due on October 23, 2014; and

WHEREAS, the Developer was unable to repay the Developer Loan when it came due, and as a result, the RDA did not receive funds to repay the HELP Loan when it became due; and

WHEREAS, the Developer Note is secured by a subordinate deed of trust recorded against the Heritage Oaks affordable housing development in the City of Woodland; and

WHEREAS, if the Successor Agency were to seek to enforce its rights under the subordinate deed of trust securing the Developer Note, it would either trigger a default under the senior debt, or the Successor Agency would be forced to take possession of the Heritage Oaks

development subject to the senior debt, neither of which in in the best interest of the taxing entities; and

WHEREAS, the Developer is not in a position to repay the Successor Agency the full amount currently owing under the Developer Loan, but the Developer requested an amendment to the terms of the Developer Note to allow for repayment based on a feasible payment schedule as more specifically set forth in the First Amendment to Promissory Note, attached hereto as Exhibit A (the “Amendment to Developer Note”); and

WHEREAS, if the Successor Agency is able to amend the terms of the HELP Loan and the Developer Loan, then the Developer will repay the funds necessary for the Successor Agency to repay the HELP Loan, which will (1) take the Successor Agency out of technical default under the HELP Loan and (2) ensure that the HELP Loan will be repaid from Developer funds, rather than Real Property Tax Trust Fund (“RPTTF”) monies, which is in the best interest of the Successor Agency, the taxing entities, and the State of California; and

WHEREAS, the Successor Agency and CalHFA desire to amend the HELP Loan Agreement to establish repayment terms that will allow the Successor Agency to repay the HELP Loan in full with funds other than RPTTF if possible; and

WHEREAS, the Oversight Board is required to approve any action by the Successor Agency to establish new repayment terms for outstanding loans where the terms have not been specified prior to February 1, 2012; and

WHEREAS, on September 17, 2014, the Oversight Board adopted Resolution No. 14-11 OB approving the Amendment to Loan Agreement—CalHFA Loan No. HELP 020604-11 in the form attached hereto as Exhibit B (the “HELP Loan Amendment”); and

WHEREAS, on October 2, 2014, the Successor Agency forwarded Resolution No. 14-11 OB to the State of California Department of Finance (“DOF”) for review pursuant to Health and Safety Code Section 34179(h); and

WHEREAS, on November 14, 2014, the Successor Agency received a letter from DOF informing the Successor Agency that DOF did not approve Resolution No. 14-11 OB; and

WHEREAS, in response to DOF’s action, Successor Agency staff met with DOF staff to discuss DOF’s action and received additional information regarding specific information and findings that should be included in the Oversight Board’s approval of the HELP Loan Amendment; and

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF WOODLAND DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The actions of the Oversight Board herein do not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Findings of Oversight Board. The Oversight Board hereby finds, in accordance with H&SC Section 34181 (e), that the Amendment to Developer Note and the HELP Loan Amendment are both in the best interest of the taxing entities because (a) together they will reduce the liabilities of the Successor Agency in that the two amendments will increase the likelihood that the Successor Agency will receive the repayments on the Developer Note from the Developer, and as a result the Successor Agency will have an alternative source of funds to repay the HELP Loan, and (b) it will increase net revenues to the taxing entities because RPTTF funds will not be required to repay the HELP Loan, thereby increasing the funds available for distribution to the taxing entities.

Section 4. Approval of Amendment to Developer Note. Based on the foregoing findings, the Oversight Board hereby approves the Amendment to Developer Note in the form attached hereto as Exhibit A.

Section 5. Approval of HELP Loan Amendment. Based on the foregoing findings, the Oversight Board hereby further approves the Amendment to Loan Agreement—CalHFA Loan No. HELP—020604-11 in the form attached hereto as Exhibit B.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Certification. The City Clerk of the City of Woodland acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

[Continued on following page]

Section 8. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Oversight Board of the Successor Agency to the Woodland Redevelopment Agency on the 18th day of February, 2015, by the following vote:

AYES: Board Members Flory, Sandy, McKinney, Wiley, Rexroad and Stallard
NOES: None
ABSTAIN: None
ABSENT: Board Member Goodman



Tom Stallard, Oversight Board Chairperson

ATTEST:



Ana B. Gonzalez, Oversight Board Secretary

EXHIBIT A

Amendment to Developer Note

[attached behind this cover page]

FIRST AMENDMENT TO PROMISSORY NOTE

This First Amendment to Promissory Note ("Amendment") is made and entered into as of September 2, 2014 by Heritage Oaks, L.P., a California limited partnership ("Borrower") and the Successor Agency to the Redevelopment Agency of the City of Woodland ("Agency").

RECITALS

WHEREAS, Borrower executed a Promissory Note in the original principal amount of \$1,550,000 dated February 1, 2005 in favor of the Redevelopment Agency of the City of Woodland, the predecessor in interest to the City ("Note"); and

WHEREAS, the Borrower and Agency desire to amend and modify the Note to change the repayment terms.

NOW, THEREFORE, for good and adequate consideration, the sufficiency of which is hereby acknowledged, the City and Borrower agree as follows:

1. The Note Termination Date as defined in the Note is hereby extended to August 22, 2024, at which time the entire principal balance of the Note, together with all interest owing thereon, shall be due and payable in full
2. Additionally, as a condition of the extension granted by Section 1 of this Amendment, Borrower shall make partial payments to the Agency of the amounts owing under the Note as follows:
 - a. \$50,000 upon execution of this Amendment
 - b. \$50,000 by November 30, 2014
 - c. \$100,000 by August 22, 2015
 - d. \$100,00 by August 22, 2016
 - e. \$100,00 by August 22, 2017
 - f. \$100,00 by August 22, 2018
 - g. \$100,00 by August 22, 2019
 - h. \$100,00 by August 22, 2020
 - i. \$100,00 by August 22, 2021
 - j. \$100,00 by August 22, 2022
 - k. \$100,00 by August 22, 2023
 - l. Payment of the remaining balance owing under the Note by August 22, 2024
3. Except as stated herein, the terms and conditions of the Note shall remain in full force and effect.
4. Prior to signing this Amendment, the Borrower has read and understands all of its provisions. The Borrower agrees to the terms of the Amendment and also reaffirms its agreement to the terms and obligations of the Note except as herein amended.

IN WITNESS WHEREOF, this Amendment to the Promissory Note has been made effective on the date first set forth above.

BORROWER:

HERITAGE OAKS, L.P., a California limited partnership

By: See Attached Signature Page

Its: _____

By: _____

Its: _____

AGENCY

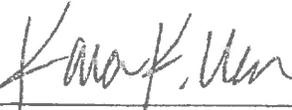
SUCCESSOR AGENCY OF THE
WOODLAND REDEVELOPMENT AGENCY

By: 
Chair

Attest:

By: 
Ana Gonzalez, City Clerk

Approved as to form:

By: 
Kara K. Ueda
City Attorney

SIGNATURE PAGE
TO
FIRST AMENDMENT TO PROMISSORY NOTE
Heritage Oaks Apartments

HERITAGE OAKS, L.P.,
a California limited partnership

By: JHC-Heritage Oaks, LLC,
a California limited liability company,
Managing General Partner

By: Jamboree Housing Corporation,
a California nonprofit public benefit corporation,
Sole Member

By: 
Laura Archuleta, President

By: Heritage Woodland 120, LLC,
a Delaware limited liability company,
General Partner

By: FLEA California Ventures, LLC,
a Delaware limited liability company,
Manager

By: _____
Gary E. Freedman, Executive Vice President

SIGNATURE PAGE
TO
FIRST AMENDMENT TO PROMISSORY NOTE

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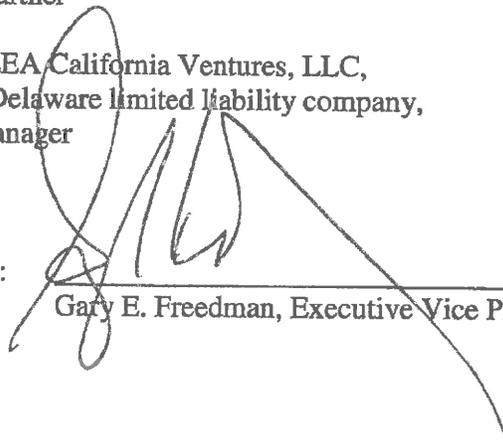
By:  _____
Gary E. Freedman, Executive Vice President

EXHIBIT B

Amendment to HELP Loan Agreement

[attached behind this cover page]

CALIFORNIA HOUSING FINANCE AGENCY

AMENDMENT TO LOAN AGREEMENT

Housing Enabled by Local Partnerships

CalHFA Loan No. HELP- 020604-11

This amendment ("Amendment"), dated August 5, 2014 amends that certain HELP Loan Agreement (the "Agreement") made and entered into on August 23, 2004, by and between the Redevelopment Agency of the City of Woodland, a public body, corporate and politic (the "Borrower"), and the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California (the "Agency").

RECITALS

A. The Agency authorized the making of a loan (the "HELP Loan") to the Borrower for the purpose of assisting the Borrower in operating a local housing program (the "Project"), as more particularly described in the Borrower's loan application to the Agency and as further described in Exhibits A and B of the original HELP Loan Agreement; and

B. The agreed term of the Loan will expire on August 23, 2014, and the balance of the HELP Loan will become due in full on said date.

C. As of August 23, 2014 the remaining unpaid balance due on the HELP Loan will be Two Million Thirty Six Thousand, One Hundred Eighty-Three and 33/100 Dollars (\$2,036,183.33).

Principal	\$ 1,550,000.00
Interest	\$ 486,183.33

Interest on said sum accrues at the rate of \$129.17 per day from and after August 5, 2014.

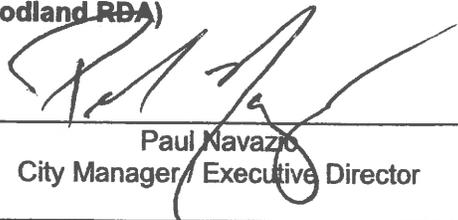
D. Borrower has requested and the Agency has agreed to grant an extension of time to repay the HELP Loan balance.

NOW, THEREFORE, in consideration of the mutual promises expressed herein, the parties hereto agree as follows:

1. Recitals. The above recitals are incorporated herein.
2. Term. The term of the Agreement and the time for Borrower to repay the entire unpaid balance of the HELP Loan is extended to August 23, 2024.

3. Other terms.

- a. As a condition of the extension, Borrower shall make partial payments to the Agency as follows:
 - i. \$50,000 by October 23, 2014
 - ii. \$50,000 by December 1, 2014
 - iii. \$100,000 by August 23, 2015
 - iv. \$100,000 by August 23, 2016
 - v. \$100,000 by August 23, 2017
 - vi. \$100,000 by August 23, 2018
 - vii. \$100,000 by August 23, 2019
 - viii. \$100,000 by August 23, 2020
 - ix. \$100,000 by August 23, 2021
 - x. \$100,000 by August 23, 2022
 - xi. \$100,000 by August 23, 2023
 - xii. Payment of the remaining loan balance by August 23, 2024
- b. Any additional payments received above the minimum annual required payments will be applied toward principal.
- c. The Amendment is conditioned upon approval by the Oversight Committee and the California Department of Finance, and Borrower's providing written evidence thereof to the agency.
- d. Except as expressly modified herein, all terms of the Agreement remain in full force and effect.

California Housing Finance Agency By: _____ Tia Boatman Patterson Executive Director	City of Woodland (successor agency to City of Woodland RDA) By: _____  Paul Navazio City Manager / Executive Director
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