

**BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION**

**Board of Directors Meeting**

2039 Forest Avenue

Chico, CA 95928

**SPECIAL MEETING MINUTES**

September 15, 2016

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 4:11 p.m.

1. ROLL CALL

Present for Directors: Kate Anderson, Patricia Besser, Roger Hart, Anne Jones, Clarence “Bino” Lobo, and Laura Moravec.

Others Present: President Ed Mayer, Treasurer Sue Kemp, Secretary Tamra Young, Roy Peters, Larry Guanzon, and James Coles, North Valley Housing Trust.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

None.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Cordillera Apartments, Chico – Annually, BCAHDC records vacated tenant balances for doubtful accounts, which reduces the net tenant accounts receivable on the balance sheet. There is also a corresponding entry to bad debt each year. Writing off the balances does not change the net accounts receivable balance, nor does it prevent BCAHDC from pursuing collections - it is considered an in-house accounting “housekeeping” process.

**\*RESOLUTION NO. 16-7C\***

Director Moravec moved that Resolution No. 16-7C be adopted by reading of title only: “WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE”. Director Besser seconded. The vote in favor was unanimous.

- 5.2 North Valley Housing Trust (NVHT) – The Housing Authority of the County of Butte (HACB) received a request from NVHT to securitize a \$300,000 pre-development loan

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made to the 14-unit “Valley View Apartment” project, an affordable tax-credit project being developed by Northern Valley Catholic Social Services and tax-credit developer Palm Communities. The HACB referred the business to BCAHDC. The tax-credit partnership received a \$300,000 predevelopment loan from local Community Development Finance Institution (CDFI), 3CORE, in partnership with the North Valley Housing Trust (NVHT). The loan term expires October 13<sup>th</sup>. Because of State action, repayment of the pre-development loan will be delayed until Cost Certification of the completed development. 3CORE is unwilling to wait, and wants further loan securitization to extend the loan to the point where the monies can be repaid from the State HCD sources. Upon review, it would be simpler for BCAHDC to become the lender, taking out 3CORE, such action taking on about the same amount of risk to BCAHDC as securitization. The current ask is for BCAHDC to loan \$300,000 for one year. The State HCD funds are scheduled to be released in June 2017; however a longer timeframe is being requested as a contingency. The loan would be “unsecured”, as the land is owned by the City of Chico, is being leased to the Partnership, and has other lenders in higher priority positions. The development entities, NVCSS, Palm Communities, and its principal) are willing to provide loan guarantees, the same guarantees that were made to 3CORE. The project is 50-60% constructed and the source of funds to repay the loan is sitting at the State. At this point, failure of the project is extremely unlikely due to the strength of the community partners involved, the City of Chico, NVCSS, and County Behavioral Health. It is unknown why 3CORE is unwilling to continue its participation. Director Hart said that the Board needed financial information on the partners’ financials and indebtedness and expressed concern over the change from the State in releasing the funds. James Coles, NVHT, said that State HCD is preparing a commitment letter outlining the requirements to draw down the funds which will be ready tomorrow. 3CORE can provide the financial documentation that was used as a basis for the original predevelopment loan. If BCAHDC decided to loan funds to the project, the interest rate on our money would be higher than we are receiving currently in money market account(s). The overall project cost is \$6.4M. There is \$4M in tax-credit equity, the balance of funds are sourced from the County and the City. NVCSS would consider giving HACB the second position for right to purchase the property at year fifteen (15), and a backup position as Managing General Partner in the Partnership. The proposed terms of the loan are 5% simple interest rate, with a 2% loan origination fee. Construction will be complete in December 2016. Staff believes it is mission consistent to support low income housing development, the transaction constitutes a partnership with the community. However, the BCAHDC has no precedent for lending money to a tax-credit partnership where it was not involved as developer/MGP. Director Hart recommended a decision be postponed until the next regularly scheduled meeting on October 20<sup>th</sup>, in order to get questions answered before committing \$300,000; 3CORE should be able to extend the loan for 30 days.

**\*MOTION\***

Director Hart moved that this item be added to the agenda for the next month’s meeting; that the loan package and other relevant information be provided to the Board one week in advance of the meeting. Director Anderson seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – October 20, 2016.

13. ADJOURNMENT

Director Moravec moved that the meeting be adjourned. Director Anderson seconded. The meeting was adjourned at 5:07 p.m.

Dated: September 15, 2016.

ATTEST:

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Edward S. Mayer, President

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Tamra C. Young, Secretary