

BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION

Board of Directors Meeting

2039 Forest Avenue

Chico, CA 95928

MEETING MINUTES

October 20, 2016

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 2:00 p.m.

1. ROLL CALL

Present for Directors: Kate Anderson, Patricia Besser, Larry Hamman, Roger Hart, Anne Jones, and Laura Moravec.

Others Present: President Ed Mayer; Treasurer Sue Kemp; Secretary Tamra Young; Roy Peters, HACB; Larry Guanzon, HACB; Jerry Martin, HACB; Bobbi Sawtelle, North Valley Catholic Social Services (NVCSS); James Coles, North Valley Housing Trust (NVHT); Cris Boyle, North Valley Housing Trust (NVHT); Marie Demers, City of Chico; Debbie Villasenor, Butte County Behavioral Health; and Loren Freeman, Public Housing resident.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Hart moved that the Consent Calendar be accepted as presented. Director Anderson seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

5.1 Walker Commons Apartments Property Management – USRG has indicated that they seek to withdraw from property management of the Walker Commons Apartments. HACB does not recommend a return to HACB management of the properties. Therefore, HACB has identified and solicited two (2) other property management firms in the area, both of whom specialize in tax-credit management. A recommendation will be brought to the Board at a special meeting in November.

5.2 Chico Valley View Partners LP – BCAHDC received a request from Chico Valley View Partners LP for a \$300,000 pre-development loan in support of the 14-unit “Valley View Apartment” project, an affordable tax-credit project being developed by

*Butte County Affordable Housing Development Corporation
Board of Directors*

Minutes – Meeting of October 20, 2016

Page 1

Northern Valley Catholic Social Services and tax-credit developer Palm Communities. The tax-credit partnership originally 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 13th. 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 to out of the project. 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. In attendance at the meeting in support of the request was Bobbie Sawtelle, NVCSS, as representative for the LP; Marie Demers, City of Chico, who owns the land and leases it to the partnership; Debbie Villasenor, Butte County Department of Behavioral Health, who is providing the social services commitment to the project; and James Coles and Cris Boyle, NVHT, who made the original loan in partnership with 3CORE. The proposed terms of the loan are a one-year non-secured loan with a 5% simple interest rate, with a 2% loan origination fee. Guarantees would act as the security. The Board had requested a copy of the original loan packet at the last meeting. However, 3CORE did not comply, instead provided a memo to the Board. The Board expressed concern regarding their fiduciary responsibility and granting an unsecured loan. Director Hart requested an interest reserve and that each of the three (3) guarantors be held jointly and separately liable for the entire \$300,000. 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. Construction will be complete in December 2016. 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), and the action would be mission consistent in its support of low income housing development; the transaction constitutes a partnership with the community.

RESOLUTION NO. 16-8C

Director Hart moved that Resolution No. 16-8C be adopted by reading of title only: “\$300,000 PRE-DEVELOPMENT LOAN TO CHICO VALLEY VIEW PARTNERS LP” with the amendment that the loan be a one-year term with no prepayment penalty, have a six (6) month prepaid interest reserve, and that the guarantors be individually liable for the loan. Director Jones 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

- 11.1 Government Code 54956.8: Conference with Real Property Negotiators
Property: Valley View Apartments, 101 Silver Dollar Way, Chico
Agency negotiator: Ed Mayer
Negotiating parties: Chico Valley View Partners LP
Under negotiation: loan structure/configuration/terms

None.

12. DIRECTOR'S CALENDAR

Special Meeting – November 17, 2016.

Next Regular Meeting – January 19, 2017.

13. ADJOURNMENT

Director Moravec moved that the meeting be adjourned. Director Anderson seconded. The meeting was adjourned at 3:18 p.m.

Dated: October 20, 2016.

Edward S. Mayer, President

ATTEST:

Tamra C. Young, Secretary