

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION AUTHORIZING AND DIRECTING THE DIRECTOR OF THE DEPARTMENT OF HOUSING, OR DESIGNEE, TO (1) NEGOTIATE AND EXECUTE AMENDMENTS TO THE EXISTING 2003 LOAN AGREEMENT AND RELATED DOCUMENTS BETWEEN THE COUNTY AND NUGENT SQUARE PARTNERS, LP, TO FACILITATE BOTH THE TRANSFER OF THE NUGENT SQUARE APARTMENTS TO A NEW OWNERSHIP ENTITY AND THE RECAPITALIZATION AND REHABILITATION OF THE NUGENT SQUARE APARTMENTS; (2) ASSIGN THE EXISTING 2003 COUNTY LOAN AGREEMENT AND RELATED DOCUMENTS TO A NEW OWNERSHIP ENTITY, NUGENT SQUARE PARTNERS II, LP; AND (3) NEGOTIATE, AMEND, AND EXECUTE ANY OTHER DOCUMENTS NECESSARY TO FACILITATE THE RECAPITALIZATION OF NUGENT SQUARE APARTMENTS

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, in 2003 the County of San Mateo ("County") provided a loan of \$2,605,240 in Community Development Block Grant (CDBG) and HOME funds to Nugent Square Partners, L.P., a California limited partnership (the "Partnership") for the development of the Nugent Square Apartments, a 32-unit apartment complex affordable to very low and extremely low-income households ("Apartments"); and

WHEREAS, in 2005, the Apartments were constructed and, since then, the Apartments have been providing affordable housing to qualifying extremely low and very low-income households earning between 30% and 50% Area Median Income (AMI) in East Palo Alto; and

WHEREAS, Eden Housing Inc., a California nonprofit public benefit corporation ("Eden") and East Palo Alto Community Alliance and Neighborhood Development

Corporation, a California nonprofit public benefit corporation (jointly, the "Developer") are the general partners of the Partnership; and

WHEREAS, the Developer is now proposing a recapitalization and rehabilitation of the Apartments using Low Income Housing Tax Credits, new private financing, the outstanding 2003 County loan amounts, and additional funds from the County, which will require a change in the Apartment's ownership entity; and

WHEREAS, ownership of the Apartments will be transferred to a new limited partnership, Nugent Square Partners II, LP, which will be owned by the Developer; and

WHEREAS, the County and Developer have mutually agreed to modify the existing 2003 County CDBG and HOME Loan documents, and such amendments include the extension of the loan for a new term of 55 years, with a new compounding interest rate to be set at the Applicable Federal Rate; and

WHEREAS, the County is providing additional funding to help finance the rehabilitation; and

WHEREAS, the rehabilitation will help improve the habitability of the Apartments, and the new 55-year term will help preserve the housing affordability of the Apartments,

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Director of Department of Housing, or designee, is hereby authorized and directed to:

1. Negotiate and execute amendments to the existing 2003 County Loan Agreement and related documents between the County and Nugent Square Partners, LP, to

facilitate both the transfer of the Nugent Square Apartments to a new ownership entity and the recapitalization and rehabilitation of the Nugent Square Apartments;

2. Assign the existing 2003 County Loan Agreement and related documents to a new ownership entity, Nugent Square Partners II, LP; and
3. Negotiate, amend, and execute any other documents necessary to facilitate the recapitalization of Nugent Square Apartments.

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