



**Sacramento
Housing &
Redevelopment
Agency**

RA 2003-040
2003-463
2003-464
HA 2003-004

June 4, 2003

6.1

City Council, Housing Authority and
Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: DISPOSITION AND DEVELOPMENT AGREEMENT AND TAX EXEMPT
BOND PROPOSAL : THE ST. ANTON BUILDING (21st and L Streets)

APPROVED
JUN 24 2003
OFFICE OF THE
CITY CLERK

FILED
JUN 24 2003
SACRAMENTO HOUSING AUTHORITY

APPROVED
JUN 24 2003
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

LOCATION & COUNCIL DISTRICT 2104-2116 L Street , District 3

RECOMMENDATION

Staff recommends adoption of the attached resolutions on pages 9-16, which authorizes the Executive Director to:

- indicate the willingness of the Housing Authority of the City of Sacramento to issue up to \$8,000,000 in tax-exempt mortgage revenue bonds for the construction and permanent financing for The St. Anton Building, a multifamily rental project located within the City of Sacramento;
- authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds;
- conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed issuance of the bonds; and
- enter into a Disposition and Development Agreement (DDA) and related loan documents with St. Anton Capital, LLC to convey the property for a purchase price of \$200,000 and to provide a total of \$885,000 (\$500,000 of City HOME and \$385,000 of City Housing Trust Funds) in Agency financing for the construction and permanent financing of The St. Anton Building .

CONTACT PERSONS

Anne Moore, Executive Director, 440-1319
Leslie Fritzsche, Project Manager-Development Services, 440-1301

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council, Housing Authority
and Redevelopment Agency
June 24, 2003
Page 2

FOR COUNCIL MEETING OF June 24, 2003

SUMMARY

This report recommends approval of a DDA conveying the property and \$885,000 in Agency financing and the issuance of tax-exempt mortgage revenue bonds by the Housing Authority of the City of Sacramento to finance the construction and permanent financing for the 65-unit St. Anton Building at the southeast corner of 21st and L Streets.

The use of tax-exempt mortgage revenue bonds provides the project with a source of capital to cover development costs. The hearing of this report by the City Council of the City of Sacramento shall serve, as the public hearing required under the Tax Equity and Financial Responsibility Act (TEFRA) hearing.

COMMISSION ACTION

At its meeting on June 4, 2003, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:	Burns, Burruss, Castello, Harland, Hoag, Piatkowski, Simon, Stivers
NOES:	Farley
ABSTAIN:	McCarty
ABSENT:	None

BACKGROUND

History of Project and Agency Financing

Capital Terrace Apartments was one of four proposals considered by the City in 1999 pursuant to the Agency's Central City Housing Strategy Notice of Funding Availability (NOFA). The project was proposed as a mixed-income, mixed-use development consisting of 2,529 square feet of ground floor retail space and 65 multifamily rental units located at the southeast corner of 21st and L Streets. A location map is included as Attachment I.

In October 1999, staff recommended \$1,755,000 (18 percent of the total development cost) in Agency funding for the project. At that time the project included nine low-income units and 22 moderate-income units (for a total of restricted 31 units or 43 percent of the total unit count). Subsequently, due to difficulties in securing debt and equity commitment for the project, the Developer proposed to finance the development with competitive 9% low income housing tax credits. The revised proposal included replacing the 31 low- and moderate-income units for 52 low- and very-low income units (83 percent of the units in the development). Additionally 30 percent of the total unit count in the project units were to be three bedroom.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council, Housing Authority
and Redevelopment Agency

June 24, 2003

Page 3

On March 1, 2000, the Sacramento Housing and Redevelopment Commission unanimously recommended approval of a \$1,755,000 Agency loan (HOME and Housing Trust Funds) for the project utilizing the 9% low income housing tax credits. However, due to concerns by the Winn Park Neighborhood representative over the number of low and very-low income units and the large percentage of family (three bedroom) units, the Developer decided to delay the project development to work on alternative development scenarios. As the Developer purchase contract was set to expire on April 7, 2000, the Agency brought forward to the City Council an acquisition loan for \$970,000, which was approved on March 28, 2000.

The original Developer spent the subsequent years working with the Agency staff to structure a project which met the Development entity's expectations and financial parameters. After several unsuccessful attempts to implement the project, the developer agreed to relinquish ownership of the site to the Agency. The Agency received title to the property in February 2003 and issued a Request for Proposals (RFP) on February 10, 2003. The RFP asked for proposals to develop a mixed-use mixed-income project with a minimum of 20 percent the units affordable to households earning 80 percent or less of median income.

Three proposals were received by the RFP deadline of March 26th. Proposals were received from California Housing Opportunities Corporation (CHOC)/Pacific American Properties, 2101 Street Associates (SKK Development) and St. Anton Partners. A selection committee, convened to review the proposals, was comprised of a member from each of the following: the Winn Park/Capital Avenue Neighborhood Association, City Design Review staff, City Downtown Development staff, an affordable housing development company, Sacramento Housing and Redevelopment Agency Commission, Agency Design and Construction Management staff, and Agency Housing Development staff. The committee reviewed the proposals and interviewed each of the development candidates. After three meetings, the Committee unanimously recommended the selection of St. Anton Capital, LLC (St. Anton Partners).

Project Description

The St. Anton Building will contain 65 apartments, 3,529 square feet of ground floor retail and 66 ground level parking spaces for the apartments. The majority of the ground floor retail will be devoted to a new restaurant called "Caliente" which will feature Mexican/Brazilian cuisine. The proposed proprietor of the restaurant is Geoff Flynn, owner/operator of the Fourth Street Grill and Chops.

The 65-unit project will have a mixture of 13 studio and 34 one-bedroom and two-bedroom units. Of the total unit count 17 units will be affordable. Thirteen of those units will be affordable and rented to households earning at or below 50 percent of area median income and four to households earning at or below 80 percent of area median income. A summary of the unit mix and affordability is included as Attachment III.

City Council, Housing Authority
and Redevelopment Agency

June 24, 2003

Page 4

The building is designed to compliment the historical character and aesthetics of the existing Midtown neighborhood. The construction will incorporate brick and other quality materials to emphasize a sense of lasting permanence and quality. A conceptual rendering of the project is included as Attachment IV. The five-story structure will feature a prominent corner treatment on 21st and L streets marked by a diagonal entrance, corner tower, and two-story arched windows reflective of the fraternal hall across L Street. A large masonry arch with a wrought iron and glass entrance door will distinctively accent the residential entrance on L Street. The entrance will lead to a courtyard with two staircases flanking a fountain. A second floor courtyard with a community room will provide interior open space and light to the residential units.

Developer

Steven Eggert and Peter Geremia are the principals of St. Anton Capital, LLC and together they have developed more than 2,600 units in northern California with a focus on new construction in premium locations. Their projects include the Agency-funded Renwick Square Senior Apartments in Laguna West, Normandy Park Senior Apartments in Citrus Heights, Arlington Creek Apartments in Antelope and most recently they were approved for a \$1,000,000 Agency loan and mortgage revenue bond financing for the Natomas Park Apartments in North Natomas. Together these two partners have over 37 years of construction and real estate experience, primarily in the Sacramento area.

St. Anton Capital, LLC is a fully integrated developer, general contractor, and property manager, involved in every aspect of project development – from site selection to architectural design to actual construction and management of the projects. St. Anton's contracting arm, Hurley Construction has constructed/rehabilitated 16 apartment projects since 1995 for a construction value of more than \$150 million.

Property Management

This project will be managed by St. Anton Management, Inc. (SAM) an affiliate of St. Anton Partners, LLC. SAM is owned equally by Steven Eggert and Peter Geremia and manages the properties owned or developed by St. Anton. SAM currently manages 2,200 apartments, including over 800 low-income housing tax credit units. SAM currently contracts with Jon Berkley Management, a local property management company, for the management of these units. The Agency has extensive and positive experience with Jon Berkley Management.

Agency Financing

The \$10,155,000 project cost will be financed through the issuance of tax-exempt mortgage revenue bonds, developer equity from the use of four percent low-income housing tax credits and an \$885,000 Agency loan utilizing City HOME and City Housing Trust Fund. The Agency loan will be deferred during construction and lease-up. Payments will begin upon project stabilization and will be incrementally amortized over time for full repayment in 15 years. St. Anton Capital, LLC will purchase the property for \$200,000 payable thirty years from project stabilization. The payment will accrue annual interest at the rate of 4 percent and will equal a payment of

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council, Housing Authority
and Redevelopment Agency

June 24, 2003

Page 5

approximately \$700,000. A summary of the financing and pro-forma are included as Attachment III and Attachment IV.

St. Anton will not take a developer fee for this project and only a minimal construction fee to cover the contractor's overhead. The Developer's financial goal is to receive tax credits and long-term rental growth.

Mortgage Revenue Bond Financing

Staff recommends adoption of the attached resolution on page 11 indicating the City's intent to issue bonds to provide permanent financing for the St. Anton Building development. Adoption of the resolution will not bind the City to issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws. Issuance of the bonds will require an allocation of "private activity volume cap" from the California Debt Limit Allocation Committee (CDLAC). The attached resolution thus also authorizes application to CDLAC for private activity bond allocation for the St. Anton Building project. Staff will report back with further details on the project's overall financing structure, and for final authorities to issue the bonds. A chart summarizing the maximum rent and income limits for these programs can be found in Attachment V.

FINANCIAL CONSIDERATIONS

The proposed actions are consistent with adopted policies. Adoption of the attached bond resolutions on pages 11 and 15 will not result in any direct financial impact to the City, the Housing Authority or SHRA. The Developer will be responsible for payment of a processing fee and posting of a one-half percent performance deposit as required by CDLAC. Staff will report back with specific financial considerations of the proposed bond financing which will include the Agency's collection of fees, both upon sale of the bonds and also semi-annually for the term of low-income set-aside requirements. Mortgage revenue bonds, in general, do not represent a financial obligation of the Redevelopment Agency of the City of Sacramento.

This report recommends transferring funds to the 21st and L Street Project as follows:

	<u>Proposed Funding</u>
City Housing Trust Funds	\$385,000
City HOME	\$500,000
TOTAL	\$885,000

The Agency has previously expended \$970,000 for the purchase of the site. The requested investment in this project is similar to the investment previously approved for the previous 21st and L street proposal.

City Council, Housing Authority
and Redevelopment Agency
June 24, 2003
Page 6

POLICY CONSIDERATIONS

The recommended actions are consistent with previously approved Agency loan and Mortgage Revenue Bond Policy. Staff is recommending one change from policy and that is allowing four units funded by City Housing Trust Fund to be offered at rents affordable to households at 80% of area median income. The Housing Trust Fund regulations state that the rents should be set at a maximum of 60% of area median income but allows for occupancy by households up to 80% of area median income. Staff recommends a waiver from this regulation to allow the rents to match the occupancy thresholds of 80%. Since this project also contains 20% of the units at 50% of area median income, allowing the remaining affordable units to be rented at 80% of median income will provide a wider range of income types within the project.

Developer compliance with the regulatory agreement and the physical condition of the property will be monitored by the Agency on a regular basis.

Affordable Housing Impact

This report is one of two projects being considered at the June 17th and 24th, 2003 City Council meetings. The following chart summarizes the City's affordable housing production to date since the draft housing element and includes the impact of these two projects:

	Very Low (≤50% AMI)	Low (51-80% AMI)	Moderate (81-110% AMI)	Market (>110% AMI)
Housing Element Goals (2002-2007)	1,130	923	6,492	6,623
Previously Approved to Date (New Construction)	542	398	20	969
Proposed Projects (New Construction):				
St. Anton Building (21 st and L)	13	4	0	48
Northpointe Apartments	72	72	0	36
Total Units Toward Housing Element Goal (New Construction)	627	474	20	1,053
Previously Approved to Date (Rehabilitation and Preservation)	809	264	107	435
Total Affordable Units	1,436	738	127	1,488

The affordable units proposed in these projects will remain affordable for a minimum of 55 years with the exception of four low income units which will remain affordable for 30 years in accordance with Housing Trust Fund regulations.

Downtown Housing Impact

This project complements the five housing projects approved by the Council in December 2003 which will collectively bring over 740 new residential units to the Central City. All of the projects approved in December are moving forward. The status of each project is as follows:

18th and L Street Apartments— Construction of this 176-unit project has begun and is expected to be completed by fall 2004. The developer for the project is 1801 L Street Associates whose principal is Sotiris Kolokotronis.

Ping Yuen – Pending approval of the bond and closing documents by the Council on June 10, 2003, the project is expected to close by June 30, 2003 with initial renovation work beginning

City Council, Housing Authority
and Redevelopment Agency

June 24, 2003

Page 7

immediately thereafter. The project is expected to be completed by September 2004. This project contains 82 units and is being completed by A.F. Evans.

Fremont Mews – This 119-unit project has been submitted to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation. The CDLAC Board will meet on June 25th to make their funding allocations. If bonds are approved, the project is expected to close by the end of September 2003 with construction to begin by the end of the year. The developer is Rembold Properties of Portland Oregon.

Capitol Lofts (CADA Warehouse) – Regis Homes of Northern California and Holliday Development, the developers are solidifying their private financing and finalizing their construction and development documents. Environmental remediation is still underway. Construction is expected to commence by the beginning of 2004. This 102-unit project will bring ownership housing to the R Street corridor.

9th and J – CIM's 200-unit project is proceeding with construction to begin in Fall 2003.

East End Lofts – Undertaken by Heller Pacific and Fulcrum Capital, this unique project will bring two quality restaurants, Mikuni's and P.F. Chang's, a floor of offices and 18 loft-style residential units to the historic structure at 16th and J. The building is expected to open by December 2003.

ENVIRONMENTAL REVIEW

The project described herein has been reviewed pursuant to the National Environmental Policy Act. The Agency prepared an environmental assessment and approved and published a Finding of No Significant Impact. A Notice of Intent to Request Release for Funds was published based thereon. In addition, the project described herein has been reviewed pursuant to California Environmental Quality Act ("CEQA"). The Agency has determined the project is exempt from further environmental review pursuant to CEQA Guidelines Section 15332 based on the following determinations:

1. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.
2. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
3. The project site has no value, as habitat for endangered, rare or threatened species.
4. Approval of the project would not result in any significant effects relating to traffic, noise, air quality.
5. The site can be adequately served by all required utilities and public services.

The determinations made above are based on facts presented to the City of Sacramento, Planning Commission, approval of special permits and variances on January 20, 2002 which will expire on January 20, 2005, and based on facts found in the Decision of the Zoning Administrator, City of Sacramento, made on March 21, 2002. If there is a change in the project description as stated herein or in the Decision of the Zoning Administrator, or the developer fails to meet the

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

City Council, Housing Authority
and Redevelopment Agency

June 24, 2003

Page 8

requirements stated in the Decision of the Zoning Administrator, the Agency shall conduct further environmental review of the project in accordance with CEQA.

M/WBE CONSIDERATIONS

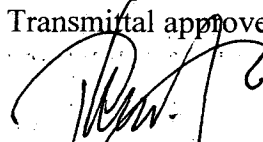
Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,



ANNE M. MOORE
Executive Director

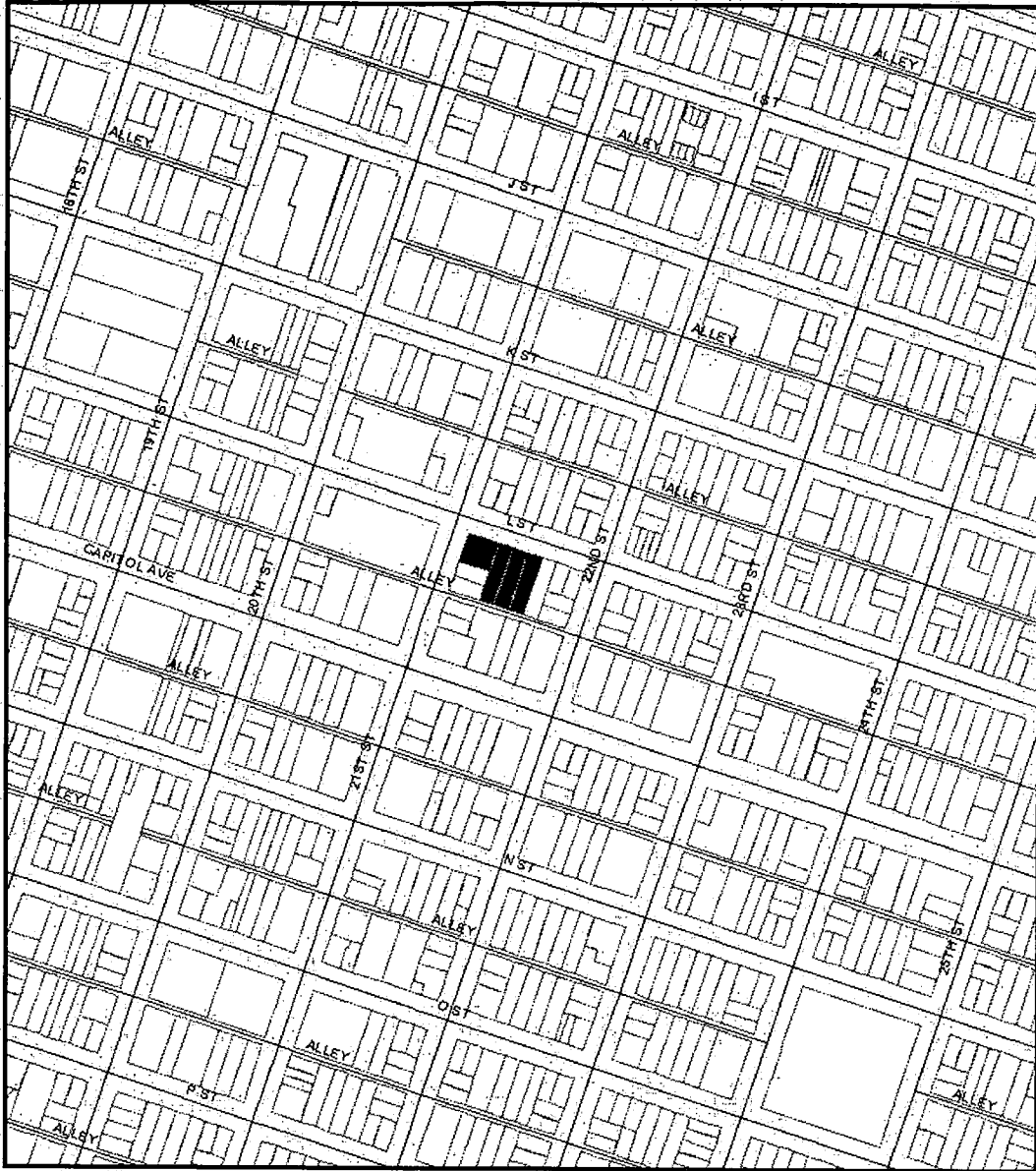
Transmittal approved,



ROBERT P. THOMAS
City Manager

Table of Contents

- 1) Attachment I: "Site Map", page 9
- 2) Attachment II: "Site Rendering", page 10
- 3) Attachment III: "Project Budget and Unit Mix", page 11
- 4) Attachment IV: "Program Pro-forma", page 12
- 5) Attachment V: "Program Rent and Income Levels", page 13
- 6) Agency Resolution, "Enter Into Disposition and Development Agreement", page 14
- 7) City Resolution, "Conducting TEFRA Hearing", page 16
- 8) City Resolution, "Approving Loan", page 18
- 9) Housing Authority Resolution, "Inducement Resolution", page 20



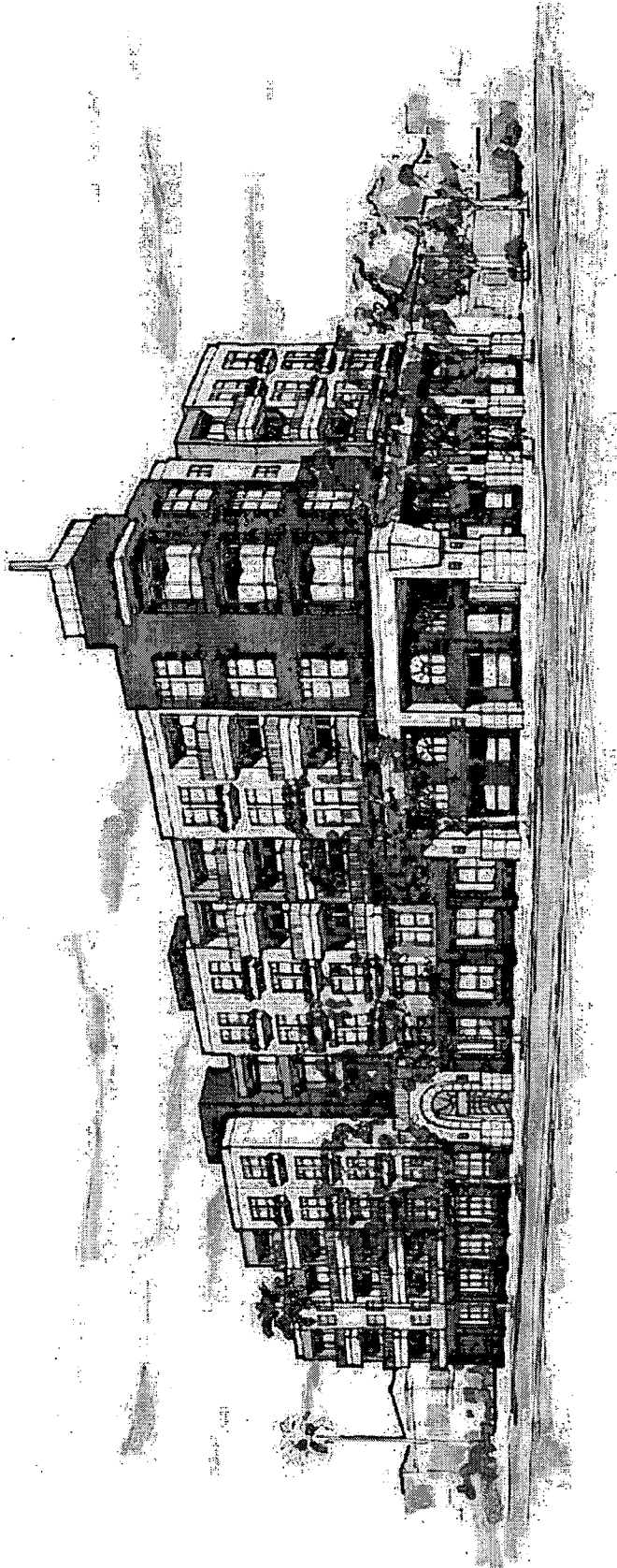
21st and L

Legend

■ 21st and L Subject Site



ST. ANTON BUILDING



		21st & L Street Mixed-use Development			
Address Number of Units Year Built	South west corner of 21st and L Street 65 New Construction				
Affordability	20% of units (13) @ or below 50% of median 6% of units (4) @ at or below 80% of median				
Unit Mix and Rents	<u>Market</u>	<u>Bond/HOME/HTF (50% AMI)</u>	<u>Housing Trust (80%)</u>		
Studio	8@\$900	2 @ \$502 (HOME rents) 1@\$23	2 @ \$837		
1 BD / 1 BA	25@\$1,175	1 @ \$536 6@\$560	2 @ \$956		
2 BD / 2 BA	15@\$1,550	3 @ \$672			
Square Footage					
Studio	515				
1 BD / 1 BA	712				
2 BD / 2 BA	1100				
TOTAL SQ.FTG. including retail	52,929				
Resident Facilities	Ground floor parking, concierge service, meeting room, meeting room, laundry facilities, and ground floor retail.				
Sources and Uses of Funds					
Sources			<i>Per Unit</i>	<i>Per Square Foot</i>	
Bond Proceeds	\$ 7,800,000	\$	120,000	\$ 147.37	
Developer Equity	\$ 910,000	\$	14,000	\$ 17.19	
Lease-up Revenue	\$ 360,000	\$	5,538	\$ 6.80	
SHRA Acquisition Loan	\$ 200,000	\$	3,077	\$ 3.78	
SHRA Funds	\$ 885,000	\$	13,615	\$ 16.72	
Total Sources of Funds	\$ 10,155,000	\$	156,231	\$ 191.86	
Uses			<i>Per Unit</i>	<i>Per Square Foot</i>	
Property Acquisition	\$ 200,000	\$	3,077	\$ 3.78	
Construction	\$ 7,710,000	\$	118,615	\$ 145.67	
Preclosing Loan Interest/Reserves	\$ 630,000	\$	9,692	\$ 11.90	
Financing Costs	\$ 450,000	\$	6,923	\$ 8.50	
Other Costs	\$ 320,000	\$	4,923	\$ 6.05	
Architectural/Engineering	\$ 195,000	\$	3,000	\$ 3.68	
Permits & Fees	\$ 650,000	\$	10,000	\$ 12.28	
Developer Fee & Overhead	\$ -	\$	-	\$ -	
Total Uses of Funds	\$ 10,155,000	\$	156,231	\$ 191.86	

Maximum Rent and Income Restrictions

Mortgage Revenue Bond Program

(Rents @ 50% of area median income(AMI))

Maximum Income Limits:	
<u>Family Size</u>	50% AMI <u>Max. Income</u>
1 person	\$ 20,950
2 person	\$ 23,900
3 person	\$ 26,900

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Rent</u>
Studio	\$ 523
1 Bedroom	\$ 560
2 Bedroom	\$ 672

HOME Funding

(Rents @ 50% of AMI less a utility allowance)

Maximum Income Limits:	
<u>Family Size</u>	50% AMI <u>Max. Income</u>
1 person	\$ 20,950
2 person	\$ 23,900
3 person	\$ 26,900

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Rent</u>
Studio	\$ 503
1 Bedroom	\$ 566
2 Bedroom	\$ 709

4% Low-Income Housing Tax Credit Program

(Rents @ 60% of AMI less a utility allowance)

Maximum Income Limits:	
<u>Family Size</u>	60% AMI <u>Max. Income</u>
1 person	\$ 25,140
2 person	\$ 28,680
3 person	\$ 32,280

Maximum Rent Limits:	
<u>Unit Size</u>	Approx. <u>Net Rent</u>
Studio	\$ 628
1 Bedroom	\$ 672
2 Bedroom	\$ 807

Housing Trust Funds

(Rents @ 80% of AMI less a utility allowance)

Maximum Income Limits:	
<u>Family Size</u>	80% AMI <u>Max. Income</u>
1 person	\$ 33,500
2 person	\$ 38,250
3 person	\$ 43,050

Maximum Rent Limits:	
<u>Unit Size</u>	Approx. <u>Net Rent</u>
Studio	\$ 837
1 Bedroom	\$ 958
2 Bedroom	\$ 1,076

APPROVED
JUN 24 2003
OFFICE OF THE
CITY CLERK

APPROVED
JUN 24 2003
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

RESOLUTION NO. 2003-040

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

**ST. ANTON BUILDING/21ST AND L STREETS: APPROVAL OF DISPOSITION AND DEVELOPMENT AGREEMENT; APPROVAL OF DEVELOPMENT LOAN ;
CONDITIONAL EXECUTION OF LOAN AGREEMENTS AND RELATED DOCUMENTS WITH ST. ANTON CAPITAL, LLC**

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Agency owns certain real property ("Property"), located at the southeast corner of 21st and L Streets in the City of Sacramento acquired with HOME funds and with funds from the Housing Trust Fund of the City of Sacramento, which Property is more particularly described in the staff report that accompanies this resolution. The Agency has issued a Request for Proposals to Purchase and Redevelop Southeast Corner of 21st and L Streets, dated February 2003, ("RFP") and pursuant to the RFP process, St. Anton Capitol, LLC, ("Developer") has been selected as developer for the Property.

Section 2. Agency staff and the Developer have negotiated a Disposition and Development Agreement ("DDA") for the Property, copy of which is on file with the Agency Clerk. Pursuant to the DDA, Agency shall convey the land for a deferred payment of \$200,000, and make two loans (collectively referred to as "Loan") in a principal amount not to exceed \$885,000 for the development loan and \$200,000 for the deferred purchase price. Subject to the appropriate authorization of funding by the City Council of the City of Sacramento and by Sacramento Housing and Redevelopment Agency, the Executive Director is authorized to DDA and the Loan and to execute any and all documents required effectuate and implement the DDA and the Loan including without limitation the documents necessary for the use of the allocated funds and the documents necessary to make and reasonably administer the Loan; provided, however that:

- (a) Agency Counsel shall prepare the documents and any changes to the documents, and shall do so in accordance with this resolution, the DDA and all applicable laws, regulations and policies; and
- (b) All changes to the Loan must be reasonably necessary to assure appropriate administration of the Loan (including without limitation, making subordination agreements in favor of lenders providing acquisition and rehabilitation loans or providing refinancing for such loans and giving extensions of time for payment within the original term of the Loan) and shall be consistent with the intent of this resolution and the Agency's Underwriting Guidelines.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ (14)

Section 2: The Executive Director is authorized to execute the DDA and the Loan Agreements and related documents, substantially in the form attached to the staff report that accompanies this resolution and to enter into other agreements, execute other documents, and perform other actions necessary in relation to the Loan Agreements to provide said funding assistance to the St. Anton Building development and to ensure proper repayment of Agency funds, including without limitation, subordination, extensions and restructuring of payments, all as approved by Agency Counsel.

Section 3: The Executive Director is authorized to amend the budget to allocate \$500,000 of City HOME funds and \$385,000 of City Housing Trust Funds to the St. Anton Building Project.

Section 4: The Executive Director is authorized to make technical amendments said agreements and documents with the approval of Agency Counsel, which amendments are in full compliance with the staff report that accompanies this resolution.

CHAIR

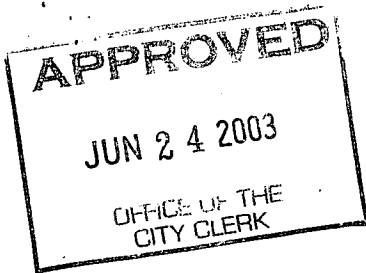
ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



RESOLUTION NO. 2003-463

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

**APPROVAL OF THE ISSUANCE OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations and/or taxable obligations in an amount not to exceed \$8,500,000 (the "Obligations") for the purpose, among other things, of making a loan to St. Anton Capital, LLC, a California limited liability company, or a limited partnership or limited liability company to be formed by St. Anton Capital, LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of approximately 65 units of multifamily housing rental facilities to be known as the St. Anton Building Apartments and to be located at the intersection of 21st and L Streets in the City of Sacramento, California (the "Project"); and

WHEREAS, the Issuer is authorized by Chapter 8 of Part 1 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue bonds for the purpose of financing the acquisition, construction and development of multifamily rental housing facilities to be occupied in part by very low income tenants; and

WHEREAS, in order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the issuance of the Obligations; and

WHEREAS, this City Council is the elected legislative body of the City of Sacramento (the "City"); and

WHEREAS, a notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the issuance of the Obligations by the Issuer and the nature and location of the Project; and

WHEREAS, this City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the issuance of such Bonds and the nature and location of the Project; and

WHEREAS, it is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition, construction and development of the Project;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, the City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. The City hereby finds and determines that the foregoing recitals are true and correct.

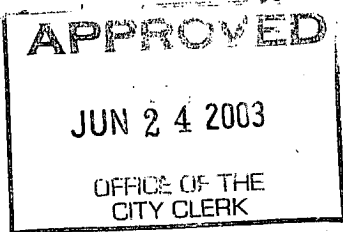
Section 2. To express the City's consent to the issuance of the Obligations and for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the issuance and delivery of the Obligations.

Section 3. This resolution shall take effect upon its adoption.

MAYOR

ATTEST:

CITY CLERK



RESOLUTION NO. 2003-404

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

**ST. ANTON BUILDING/ 21ST AND L STREET DEVELOPMENT:
APPROVAL OF DEVELOPMENT LOAN; EXECUTION OF DISPOSITION AND
DEVELOPMENT AGREEMENT, LOAN AGREEMENT AND RELATED
DOCUMENTS WITH ST. ANTON CAPITAL, LLC**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
SACRAMENTO:

Section 1: Having heard and duly considered the staff report and all evidence presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. Subject to the execution of the Disposition and Development Agreement (“DDA”) between St. Anton Capital,, LLC (“Developer”) and the Redevelopment Agency of the City of Sacramento (“Redevelopment Agency”); a copy of which is on file with the Agency Clerk, Sacramento Housing and Redevelopment Agency (“SHRA”) is authorized to make a loan of Housing Trust Funds (“HTF Loan”) in a principal amount not to exceed \$385,000 pursuant to the terms of the DDA.

Section 3. Subject to the execution of the DDA, a copy of which is on file with the Agency Clerk, the Redevelopment Agency is authorized to make a loan of HOME funds (“HOME Loan”) in a principal amount not to exceed \$500,000, pursuant to the terms of the DDA.

Section 4. Subject to the satisfaction of conditions in the DDA, the SHRA is authorized to execute any and all documents required for the making of the HTF Loan, and the Redevelopment Agency is authorized to execute any and all document required for the making of the HOME Loan, (collectively, “Loans”) including without limitation the documents necessary for the use of the allocated funds and the documents necessary to make and reasonably administer the Loan; provided, however that:

- (a) The documents shall be made on the terms set out in the DDA and in accordance with all applicable laws, regulations and policies regarding the making of the Loans and the use of the allocated funds;
- (b) Agency Counsel shall prepare the documents and any changes to the Loan documents, and shall do so in accordance with this resolution and with good legal practices for the making of such a loan; and

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____
DATE ADOPTED: _____

- (c) All changes to the Loans must be reasonably necessary to assure their appropriate administration (including without limitation, making subordination agreements in favor of lenders providing acquisition and rehabilitation loans or providing refinancing for such loans and giving extensions of time for payment within the original term of the Loan) and shall be consistent with the intent of this resolution and the Agency's Underwriting Guidelines.

Section 4. SHRA and the Redevelopment Agency are authorized to make technical amendments said agreements and documents with the approval of Agency Counsel, which amendments are in full compliance with the staff report that accompanies this resolution,

Section 5. The budget is amended to allocate to the 21st and L Street Apartments Project the additional amount of \$500,000 from City HOME Entitlement for a total HOME allocation to the project of \$1,100,000.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

APPROVED
JUN 24 2003
OFFICE OF THE
CITY CLERK

FILED
JUN 24 2003
SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

RESOLUTION NO. 2003-004

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

**DECLARATION OF INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the City of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to St. Anton Capital, LLC, a California limited liability company, or a limited partnership or limited liability company to be formed by St. Anton Capital, LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of 65 units of multifamily housing facilities to be commonly known as the St. Anton Building Apartments and to be located at the intersection of 21st and L Streets in the City of Sacramento, California (the "Project"); and

WHEREAS, United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, construction and development of the Project.

Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, construction and development of the Projects that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction and development of the Projects that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$8,500,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ (20)

the acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The law firm of Jones Hall, A Professional Law Corporation, is hereby named as bond counsel to the Authority in connection with the issuance of the Obligations. The fees and expense of bond counsel and any financial advisor employed by the Authority in connection with the issuance of the Obligations are to be paid solely from the proceeds of the Obligations or directly by the Developer.

Section 7. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 8. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or of any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or operation of the Project.

Section 9. This resolution shall take effect immediately upon its adoption.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____