

RESOLUTION NO. 2012-46

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
APPROVING THE AGAVE ASSOCIATES, LLC CO-GENERAL PARTNER
OWNERSHIP INTEREST TRANSFER TO VINTAGE HOUSING HOLDINGS, LLC
AND THE AGAVE APARTMENTS PROPERTY MANAGEMENT CHANGE
TO FPI MANAGEMENT, INC.**

WHEREAS, the City of Elk Grove (the "City"), on October 1, 2003, entered into an Affordable Housing Loan Agreement ("Loan Agreement") and Regulatory Agreement ("Regulatory Agreement") with Agave Associates, LP, the purpose of which was to assist with the construction of the Agave Apartments ("Project") located at 10070 Willard Parkway; and

WHEREAS, Section 34 of the Loan Agreement sets forth the City's right to review any transfer of the Project, including the sale of any general or limited partnership interests or any substantial change in Project control; and

WHEREAS, Section 21 of the Regulatory Agreement sets forth the City's right to review and approve the management entity for the Project; and

WHEREAS, Agave Associates, LLC is the current co-general partner of Agave Associates, LP; and

WHEREAS; the current members of Agave Associates, LLC are proposing to transfer their ownership interests to Vintage Housing Holdings, LLC ("Vintage Housing"); and

WHEREAS, Vintage Housing would take on oversight of the Project, and proposes to change the property management company to FPI Management, Inc. ("FPI"); and

WHEREAS, the Affordable Housing Loan Committee has reviewed the proposed ownership transfer and the proposed management transfer in light of the Project's finances and the new entities' qualifications, and found the transfers to be in the City's best interest; and

WHEREAS, the California Environmental Quality Act (Section 21000, et. seq. of the California Public Resources Code, hereafter CEQA) requires analysis of agency approvals of discretionary "projects," and a "project," under CEQA, is defined as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment"; and


WHEREAS, Section 15378 of the State CEQA Guidelines (Division 6 of Chapter 3 of Title 14 of the California Code of Regulations) provides guidance on those activities that are and are not "projects" under CEQA, specifically identifying "continuing administrative or maintenance activities" (subsection (b)(2) and "organizational or administrative activities of governments that will not result in direct or indirect physical

changes in the environment" (subsection (b)(5)) as activities that are not CEQA projects.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby approves the following:

- 1) Neither of these approvals qualifies as a "project" subject to the California Environmental Quality Act (CEQA), because they are administrative in nature and would not, by themselves, permit any physical changes in the environment because they do not authorize any development activity. The Project is already constructed and only requires routine maintenance to continue operations. Therefore, the proposed action is not a "project" under CEQA, is exempt from CEQA, and no further environmental review is required; and
- 2) The Agave Associates, LLC co-general partner ownership interest transfer to Vintage Housing Holdings, LLC, subject to receipt of confirmation from the California Tax Credit Allocation Committee that either: a) their approval of the transfer is not required, or b) their approval of the transfer is granted; and
- 3) The proposed Agave Apartments property management change to FPI, subject to:
 - a. FPI receiving a 2.75% management fee, with an additional incentive fee of 0.75% in the event that the net operating income exceeds the annual projection by an amount equal to or greater than the incentive management fee; and
 - b. The on-site non-revenue (property manager) unit(s) being occupied only by the full-time Community Director, Assistant Community Director, and/or Maintenance Supervisor.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 14th day of March 2012.



JAMES COOPER, MAYOR of the
CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JONATHAN HOBBS,
INTERIM CITY ATTORNEY

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2012-46**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

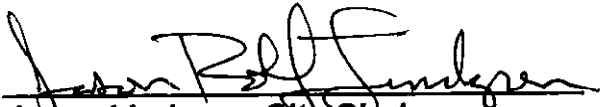
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on March 14, 2012 by the following vote:

AYES : **COUNCILMEMBERS:** **Cooper, Hume, Detrick, Scherman**

NOES: **COUNCILMEMBERS:** **None**

ABSTAIN : **COUNCILMEMBERS:** **None**

ABSENT: **COUNCILMEMBERS:** **Davis**


**Jason Lindgren, City Clerk
City of Elk Grove, California**