

RESOLUTION NO. 2022-121

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING THE CITY MANAGER TO 1) EXECUTE AMENDMENTS TO THE LOAN AGREEMENT, REGULATORY AGREEMENT, AND DEED OF TRUST ASSOCIATED WITH THE TRANSFER OF INTEREST OF THE OWNERSHIP STRUCTURE OF RIDGE ELK GROVE L.P., AND 2) ACCEPT A GUARANTY OF NON-RECOURSE OBLIGATIONS FROM AVANATH AFFORDABLE HOUSING IV, LLC (CEQA EXEMPT)

WHEREAS, the City of Elk Grove (the “City”), on April 8, 2011, entered into an Affordable Housing Loan Agreement (“Loan Agreement”) with Ridge Elk Grove L.P. (“Owner”), the purpose of which was to assist with the construction of the Ridge Apartments (“Project”) located at 8151 Civic Center Drive, and which was amended on April 1, 2012, and December 13, 2012; and

WHEREAS, the City and the Owner on April 8, 2011, entered into a Regulatory Agreement (“Regulatory Agreement”), the purpose of which was to implement affordability restrictions on 202 of the 204 units at the Project, and which was amended on April 1, 2012, and December 13, 2012; and

WHEREAS, the Owner, on April 8, 2011, entered into a Deed of Trust for the benefit of the City (“Deed of Trust”), the purpose of which was to secure obligations of the Loan Agreement and Regulatory Agreement; and

WHEREAS, the Owner, on April 8, 2011, executed a Promissory Note for the benefit of the City (“Note”), including a Guaranty of Non-Recourse Obligations executed by St. Anton Capital, LLC, the purpose of which was to secure obligations of the Note; and

WHEREAS, Section 21 of the Regulatory Agreement sets forth the City’s right to review any proposed amendments to Owner’s contract with a property management firm, including any new management contracts; and

WHEREAS, Anton Ridge, LLC is proposing to transfer its co-general partner ownership interest in the Project to Avanath Ridge GP, LLC; and

WHEREAS, Owner proposes to end its property management contract with Anton Residential, Inc. and enter into a property management contract with Avanath Communities, Inc.; and

WHEREAS, the Owner, Anton Ridge, LLC, Avanath Ridge GP, LLC, and City have negotiated amendments to the Loan Agreement, Regulatory Agreement, Deed of Trust, and Guaranty of Non-Recourse Obligations (Amended Loan Documents), to be executed and recorded prior to or in coordination with the closing of anticipated new financing on the Project; and

WHEREAS, the City Council has reviewed the proposed property management change and the Amended Loan Documents in light of the Project’s finances and the new entities’ qualifications, and found the transfer to be in the City’s best interest; and

WHEREAS, the approval of the property management change and Amended Loan Documents does not qualify as a "project" subject to the California Environmental Quality Act (CEQA) because it will result in no direct physical effect on the environment, and is, therefore, exempt from CEQA. (Pub. Res. Code § 21065, CEQA Guidelines §§ 15060(c)(2)(3); 15378(a)).

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to:

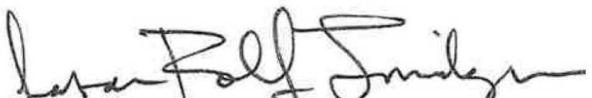
1. Execute amendments to the Loan Agreement, Regulatory Agreement, and Deed of Trust associated with the transfer of interest of the ownership structure of Ridge Elk Grove L.P. in substantially the form presented and subject to approval as to form by the City Attorney; and
2. Accept a Guaranty of Non-Recourse Obligations from Avanath Affordable Housing IV, LLC in substantially the form presented and subject to approval as to form by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 25th day of May 2022




BOBBIE SINGH-ALLEN, MAYOR of the
CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:


JONATHAN P. HOBBS,
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2022-121

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 May 25, 2022 by the following vote:

AYES: **COUNCILMEMBERS:** *Singh-Allen, Suen, Hume, Spease, Nguyen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN: **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California