

**RESOLUTION NO. 2024-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MERCED, CALIFORNIA,  
APPROVING A WATER AND SEWER  
CONNECTION FEE LOAN TO VISIONARY  
HOME BUILDERS OF CALIFORNIA, INC. ON  
BEHALF OF VHB BELLA VISTA, LLC., IN THE  
PRINCIPAL AMOUNT OF \$1,003,683.20  
APPROVING AND AUTHORIZING THE  
EXECUTION OF A LOAN AGREEMENT, AND  
RELATED LOAN DOCUMENTS, AND  
AUTHORIZING CERTAIN OTHER ACTIONS IN  
CONNECTION THEREWITH**

WHEREAS, on June 21, 2022, the City Council of the City of Merced (the “City”) approved the commitment of \$5,234,148 to Visionary Home Builders of California, Inc., a California nonprofit public benefit corporation (“Sponsor/Developer”), who have established the Managing Partnership of VHB Bella Vista, LLC, a California limited liability company (collectively referred to as the “Parties”); and

WHEREAS, a commitment letter dated June 21, 2022 (“Commitment”) provided for \$5,234,148 in financial assistance in the form of \$4,256,522 in grants and \$977,626 in loans from the City to Visionary Home Builders of California, Inc., to assist with the acquisition and construction of that certain project to be known as Bella Vista Apartments, which will consist of one hundred six (106) affordable rental housing units set aside as affordable to households with incomes up to 60% of the Area Median Income (“AMI”) for Merced County (“County”) as determined by the California Tax Credit Allocation Committee plus two (2) manager units (the “Project”) for a total of one hundred eight (108) units which will be located on that certain real property located at 1808 Parsons Avenue, Merced, California, 95341 (the “Property” or “Site”); and

WHEREAS, Parties will apply to the City of Merced for water and sewer connection fee loan on the property located at 1808 Parsons Avenue, Merced, California, 95341 (APN 061-390-027-000), more fully described on Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, in order to carry out the Commitment, the City will provide One Million, Three Thousand, Six Hundred Eighty-Three Dollars and Twenty Cents (\$1,003,683.20) Loan of Water and Sewer Connection Fees (the "Connection Fee Loan") to The Parties, to finance the acquisition and construction of the Project; and

WHEREAS, in consideration for the Connection Fee Loan, one hundred six (106) of the Project's one hundred eight (108) units shall be restricted for occupancy by households with incomes ranging from thirty percent (30%) to seventy percent (60%) of the AMI for the County, with adjustments for family size, as determined by the California Tax Credit Allocation Committee ("CTCAC") for a period of fifty-five (55) years. Two (2) units will be reserved as Manager Units. Should the Parties have multiple restrictions on unit affordability required by multiple funding sources, the Parties shall adhere to the more restrictive (lower) income limits; and

WHEREAS, the City Council of the City, with the aid of its staff, has reviewed the documentation related to the Connection Fee Loan, which documentation is on file with City Clerk of the City; and

WHEREAS, City is willing to loan the Connection Fee to the Sponsor for a term of fifty-five (55) years from issuance of certificate of occupancy. The Connection Fee Loan shall bear simple interest at the rate of zero percent (0%) per annum from the date of building permit issuance until a certificate of occupancy has been issued by the City. Thereafter, the Connection Fee Loan shall bear simple interest at the rate of three percent (3%), until repaid. If a Default occurs, interest on the principal balance shall begin to accrue, as of the date of Default (following expiration of applicable notice and cure periods) and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of seven percent (7%), compounded annually; and,

WHEREAS, the Connection Fee Loan is intended to be "up to" the actual cost of water and sewer connection fees in place at the time of permit application, the current estimate is \$1,003,683.20. The Connection Fee Loan may adjust but not to exceed the actual cost of water and sewer connection fees in place at the time of permit application, not including the deposit required by the Engineering Department to turn water on; and,

WHEREAS, the estimated deposit required by the Engineering Department to turn water on is \$44,000; and,

WHEREAS, the City now desires to authorize the making of the Connection Fee Loan to the Sponsor pursuant Connection Fee Loan Agreement, dated \_\_\_\_\_, \_\_\_\_\_ by and between the City and the Sponsor, to be funded from moneys of the Water and Sewer Connection Fees Fund, and subject to all applicable provisions and regulations of the Law, and the Connection Fee Loan Agreement.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. That the City hereby approves and authorizes the Connection Fee Loan in the amount of One Million, Three Thousand, Six Hundred Eighty-Three Dollars and Twenty Cents (\$1,003,683.20), up to the actual amount of Connection Fees in place at the time of permit application, to Sponsor, to be funded from the Water and Sewer Connection Fees, all in accordance with the terms and conditions of the Connection Fee Loan Agreement. The Connection Fee Loan is also subject to terms and provisions of the Law, and all applicable rules and regulations applicable to the CTCAC Program.

SECTION 2. That the City Connection Fee Loan is for a term of fifty-five (55) years from issuance of certificate of occupancy. The Connection Fee Loan shall bear simple interest at the rate of zero percent (0%) per annum from the date of building permit issuance until a certificate of occupancy has been issued by the City. Thereafter, the Connection Fee Loan shall bear simple interest at the rate of three percent (3%), until repaid. If a Default occurs, interest on the principal balance shall begin to accrue, as of the date of Default (following expiration of applicable notice and cure periods) and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of seven percent (7%), compounded annually.

SECTION 3. That the City hereby approves and authorizes the execution of the Connection Fee Loan Agreement, substantially in the form presented at this meeting and on file with the City Clerk of the City, with such revisions, amendments and completions as shall be approved by the City Manager, the Finance Director or the City Clerk of the City, and each of them, and any designee of any of them (each, an "Authorized Officer") with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

SECTION 5. Any one of the Authorized Officers, and each of them, is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable, in order to consummate the Connection Fee Loan and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

SECTION 6. That the City Clerk shall certify as to the adoption of this Resolution, which shall be in full force and effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the \_\_\_\_ day of \_\_\_\_\_ 2024, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:  
MATTHEW SERRATTO, MAYOR

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Mayor

ATTEST:  
D. SCOTT MCBRIDE, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:  
CRAIG J. CORNWELL, CITY ATTORNEY

*Craig Cornwell* *9/25/2024*  
City Attorney      Date