

RESOLUTION NO. 2018-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, APPROVING A Community Development Block Grant (CDBG) LOAN TO MERCED GATEWAY INVESTORS II, LP, IN THE PRINCIPAL AMOUNT OF \$ \$370,590, APPROVING AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT, REGULATORY AGREEMENT, SUBORDINATION AGREEMENT AND RELATED LOAN DOCUMENTS, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to City Council action of _____2018 the City of Merced (the "City"), approved the execution of a City Loan Commitment Agreement dated July 17, 2017 (the "CLCA") with Merced Gateway Investors II, LP (the "Developer") which, among other things, provided for certain financial assistance in the form of loans from the City to the Developer; and,

WHEREAS, pursuant to the CLCA, the City agreed to make a loan in the amount of Three Hundred and Seventy Thousand Five Hundred and Ninety Dollars (\$370,590) (the "CDBG Loan") to the Developer to finance the construction of a multi-family affordable residential rental project (the "Project") on the Site; and

WHEREAS, in consideration for the CDBGLoan, the Project is to consist of fifty (50) units, of which thirty-nine (39) units shall be restricted for occupancy by households with incomes at or below Sixty percent (60%) of the Area Median Income ("AMI"), ten (10) units shall be restricted for occupancy for homeless veteran families, and one (1) manager's unit shall be restricted for occupancy by households with income at or below one hundred twenty percent (120%) of the AMI, for a period of fifty-five (55) years; and

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

WHEREAS, The Grantee has applied for and received funds from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383 (B-17-MC-06-0044) under the Community Development and Block Grant (CDBG) and administered by the

U.S. Department of Housing and Urban Development (“HUD”) (14.218-Entitlement Grant) with a Federal Award Date of September 22, 2017; and,

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

SECTION 1. The City hereby approves and authorizes the CDBG Loan in the amount of Three Hundred Seventy Thousand Five Hundred and Ninety Dollars (\$370,590) to Developer, to be funded from grant proceeds of the CDBG Program, all in accordance with the terms and conditions of the CDBG Loan Agreement. The CDBG Loan is also subject to terms and provisions of the Law, the Standard Agreement and all applicable rules and regulations applicable to the CDBG Program.

SECTION 2. The City hereby approves and authorizes the execution of the CDBG 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 Mayor, 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 3. The CDBG Loan will be evidenced by a Note (the “CDBG Note”) executed by the Developer in favor of the City and delivered concurrently with the execution of the CDBG Loan Agreement. Repayment of the CDBG Note will be secured by the Deed of Trust and Security Agreement (the “CDBG Trust Deed”), covering the Site and the Project. The City hereby approves the CDBG Note and the CDBG Trust Deed substantially in the forms 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 an Authorized Officer. The Developer shall execute the CDBG Trust Deed in favor of Placer Title Insurance Company as Trustor in trust for the benefit of City and deliver it to escrow for recordation.

SECTION 4. The City hereby approves and authorizes the execution of that certain (a) Regulatory Agreement and Declaration of Restrictive Covenants

(the “CDBG Regulatory Agreement”), by and between the City and the Developer, (b) Agreement Containing Covenants Affecting Real Property (the “CDBG Covenant Agreement”) and (c) Notice of Affordability Restrictions on Transfer of Property (the “CDBG Notice”), substantially in the forms 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 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. The City Clerk shall deliver the CDBG Regulatory Agreement, the CDBG Covenant Agreement and the CDBG Notice to escrow for recordation.

SECTION 5. The City hereby approves the subordination of the CDBG Loan to the CSCDA Loans to pursuant to the terms and provisions of that certain Subordination Agreement by and among _____, as agent for CSCDA, Developer and the City (the “Subordination Agreement”).

SECTION 6. 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 CDBG Loan and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

SECTION 7. 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 _____ 2018, by following called vote:

AYES Council Members:

NOES: Council Members:

ABSTAIN: Council Members:

ABSENT: Council Members:

APPROVED


BY _____
Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM

BY:  5-16-2018
City Attorney Date