



April 21, 1999



5.2

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

Honorable Members in Session:

SUBJECT: BOND ISSUANCE TO FINANCE THE ACQUISITION AND
REHABILITATION OF THE VILLAS AT LA RIVIERA APARTMENTS

LOCATION & COUNCIL DISTRICT - 7901 La Riviera Drive, District 6

RECOMMENDATION

Staff recommends that:

- the City Council of the City of Sacramento conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition and rehabilitation of the Villas at La Riviera Apartment complex utilizing 501(c)(3) nonprofit tax-exempt multi-family mortgage revenue housing bonds, and adopt the attached resolution which authorizes the Housing Authority of the City of Sacramento to take all actions necessary to issue the bonds;
- the Housing Authority of the City of Sacramento authorize the issuance of not more than \$8,850,000 in 501(c)(3) nonprofit tax-exempt multi-family mortgage revenue housing bonds to provide acquisition, rehabilitation and permanent financing for the Villas at La Riviera; and
- the Housing Authority of the City of Sacramento amend the Agency budget by action of the Executive Director, or her designee, to receive additional revenues generated through the proposed bond issuance.

CONTACT PERSONS

Beverly Fretz-Brown, Director of Development Services, 440-1347
Lisa Bates, Program Manager, Housing Development, 440-1328

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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FOR COUNCIL MEETING OF: May 6, 1999

SUMMARY

This report recommends; 1) the City Council's holding a public hearing concerning the proposed 501(c)(3) nonprofit tax-exempt bond financing for the acquisition, rehabilitation, and permanent financing of the Villas at La Riviera Apartments located within the City of Sacramento [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 Fiscal Responsibility Act (TEFRA)]; 2) the Authority's approving the issuance of not more than \$8,850,000 in 501(c)(3) bonds by the Housing Authority of the City of Sacramento to provide acquisition, rehabilitation, and permanent financing for the proposed complex; and 3) the Authority's amending the Agency budget to receive additional revenues generated by this proposed bond issuance.

COMMISSION ACTION

At its meeting April 21, 1999, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Amundson, Castello, Cespedes, Harland, Hoag, Holloway,
Newsome, Rotz, Simon

NOES: None

ABSENT: Dobbins

BACKGROUND

Affordable Community Housing Trust - Delta, a subsidiary of Affordable Community Housing Trust (AHT), has secured a purchase contract to acquire the Villas at La Riviera, which is a 200-unit multifamily rental complex located at 7901 La Riviera Drive in the College Greens area. (A map is included as Attachment I). The complex was constructed in 1972 and consists of 81 one-bedroom units and 119 two-bedroom units. Current rents are \$510 per month for the one-bedroom units and \$610 per month for the two bedroom units. The Villas' amenities include laundry rooms, two tot lots, and two picnic areas. (A summary of the project can be found in Attachment II.) The complex is being acquired for \$7,607,000 or approximately \$38,035 per unit. The property is currently managed and would continue to be managed by FPI Property Management. FPI Property Management manages numerous other properties in the Sacramento

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area including several bond-financed projects in Sacramento County (Kohler Gardens, Larchmont Gardens and Larchmont Arms).

ACHT is a 501(c)(3) nonprofit corporation, which has several nonprofit holding entities including ACHT – Delta. ACHT nationally has developed five senior and family projects totaling 634 units. These projects are located in Florida, Wisconsin, and Illinois. Staff has contacted the City of North Miami, Florida and the Village of Hazel Crest, Illinois and was informed by the City/Village Managers that the projects in their respective jurisdictions are well maintained and in compliance with the bond issuance regulations.

Staff has reviewed ACHT's operational and financial information. ACHT is organized to develop affordable housing; they do not undertake any other activities. The organization is operated with little or no staff and completes projects with the use of consultants. Based upon ACHT's limited financial capacity they have been able to complete a significant number of projects. Father Malcolm McClenaghan oversees this organization's activities.

ACHT proposes to renovate the 27-year old complex to cure deferred maintenance items and bring the property up to current market standards. Their proposed rehabilitation plan, including Agency required rehabilitation, totals \$1,095,730, or \$5,479 per unit. The exterior improvements include replacement of roofs, driveway and parking lot repair, siding repair and replacement, office remodeling, and the construction of a learning center. The interior improvements include the installation of hard-wired smoke detectors and ground fault interrupter circuit (GFI) outlets in kitchens and bathrooms, the replacement of the current central hot water boiler system with individual hot water heaters, and the rehabilitation of 70 units (129 have been updated by the current owner). This interior unit rehabilitation includes repainting, replacement of appliances, replacement of floor coverings, and repair and replacement of windows.

As a public entity, the Authority can issue tax-exempt bonds to qualified nonprofit organizations, the proceeds of which provide acquisition, rehabilitation, and permanent financing for multi-family housing projects. Because interest paid on the bonds is exempt from federal and state income tax, bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates. In general recipients of bond financing are required to undertake rehabilitation work and set aside units for rental to families earning less than 50 percent of the area median income, adjusted for family size.

Proposed Bonds Structure

The proposed bond issue of approximately \$8,850,000 will be privately placed with Municipal Mortgage Corporation (Muni Mae) for a term of 35 years. These bonds will carry a fixed interest rate of 7.5 percent and has a stepped repayment schedule during the first 10 years. The

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developer will be providing either equity or subordinate financing of approximately \$420,000. These developer funds are necessary to complete additional rehabilitation required by the Agency to meet the City's mortgage revenue bond policies, which require all health and safety issues to be cured and major systems to have a 15-year useful life. This Agency required rehabilitation is included in the above referenced scope of work.

The developer has applied to the Agency under our Multi-Family Housing Development Assistance Program for HOME funds to repay these developer funds. Staff is currently reviewing this application and will be making a recommendation to the City Council in July subsequent to the bonds being issued, if approved. The request for HOME funds is independent of the Council's decision to issue the bonds. If the HOME funds were not approved the developer loan or equity would remain in the project. Muni Mae is aware of the additional financing being sought and will allow a subordinate loan on the property.

501(c)(3) nonprofit tax-exempt multi-family mortgage revenue housing bonds do not require an allocation under the private activity cap from the California Debt Limit Allocation Committee.

The developer proposes to privately place the bonds with Muni Mae and therefore credit enhancement for the bonds would not be required. Instead, Muni Mae will execute an investor letter indicating that: 1) Muni Mae is a sophisticated investor; 2) Muni Mae understands the risk of the bonds; and 3) Muni Mae understands that the transfer or sale of the bonds to other parties is restricted. These requirements are passed on to subsequent holders of the bonds. Subject to Council approval, the proposed issuance is expected to close in May 1999 and will provide the owners with a variable rate loan at a current interest rate of approximately 7.5 percent. The final maturity of the bonds will be 2034. A rental proforma for the project is included as Attachment III.

The bond counsel for this transaction is the law firm of Jones Hall. The TEFRA public hearing requirement is intended to advise the public of the City's intent to issue the refunding bonds and give interested parties the opportunity to comment on the proposed financing.

Low-Income Set-Aside Requirements

As a condition of receiving the benefits of this below-market-rate financing, federal law requires that project units be set aside for targeted income groups for at least 15 years. The set-aside requirements are: at least 20 percent of projects' total units must be rented to households earning 50 percent or below of the area median income; or alternately, 40 percent of project units must be rented to households at or below 60 percent of area median. The former will be required for this project. State law further requires that monthly rents for the set-aside units be limited to 30 percent of the targeted group's monthly income, adjusted for household size. The project's set-aside requirements will be specified in a regulatory agreement between the Housing Authority

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and the developer, to be executed upon closing of the bond sale. The maximum income and rent levels projected in connection with these set-asides are shown in Attachment IV.

Projects owned by 501(c)(3) nonprofit organizations and utilizing tax-exempt financing are required to have 75 percent of their units rented to households earning 80 percent or below of the area median income. This requirement does not include limitations on rent levels for these units.

The Villas was a HUD-financed project which "opted out" of its affordability requirements several years ago. The tenants of the project at that time received "portable" certificates, which the tenants could use at this project or elsewhere. Approximately 80 families at the Villas hold these certificates. This financing will allow these certificate holders to remain in place, therefore preserving the historical affordability in this property.

Property tax exemption requirements

For projects such as the Villas at La Riviera, which is proposed to be owned by a 501(c)(3) nonprofit organization and is entitled to a property tax exemption, the non-profit organization must demonstrate that it will provide additional services to the residents and physical amenities focused on the tenants' needs. The required additional services are identified and enforced by the regulatory agreement recorded on the property.

Tenant services for the Villas at La Riviera will include job development assistance and after school programs, including tutoring and homework assistance. In addition, the developer is constructing a learning center to provide these services.

FINANCIAL CONSIDERATIONS

The proposed bonds will not be an obligation of the City. They will instead be obligations of the project's owner. The owner will bear all costs associated with the issuance of the bonds. The Agency will collect a one-time fee at closing equal to 25 basis points (.25%) of the bond issue amount (approximately \$22,000). The Agency will also collect an annual administrative fee of 12.5 basis points (.125%) of the bond amount (approximately \$11,000) over the term of the regulatory agreement. The Agency's budget will be amended for the additional revenues generated by the issuance of the bonds.

POLICY CONSIDERATIONS

The issuance of mortgage revenue bonds is consistent with previously approved policy and the Agency's goals of promoting the preservation of affordable housing

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ENVIRONMENTAL REVIEW

The proposed actions do not constitute projects under CEQA per Guidelines Section 15378 (b)(3); NEPA does not apply. Rehabilitation and permanent financing of the project is exempt from CEQA per Guidelines Section 15301 and 15310.

M/WBE CONSIDERATIONS

M/WBE considerations are not applicable to the actions recommended in this report.

Respectfully submitted,



ANNE M. MOORE
Executive Director

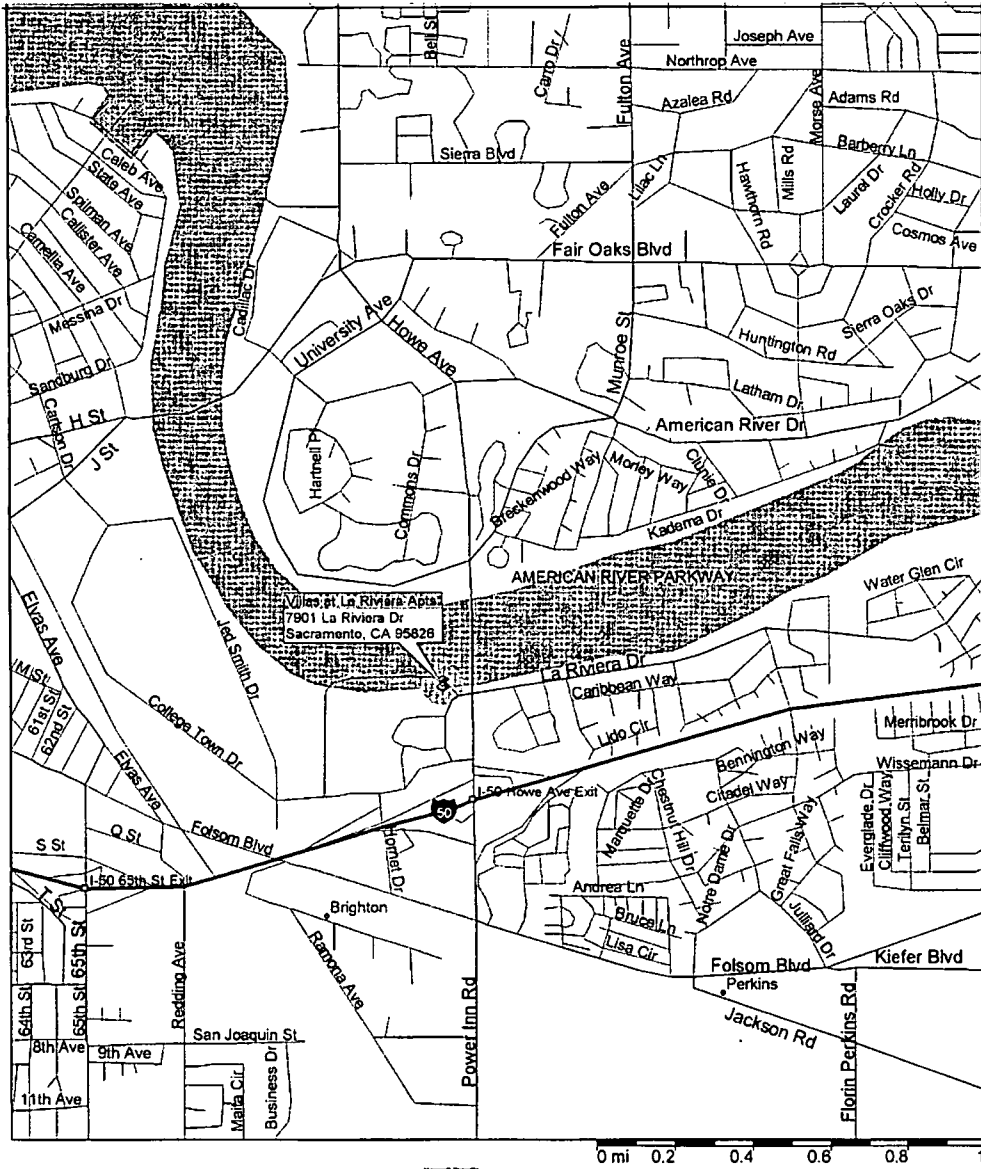
Transmittal approved,



ROBERT P. THOMAS
City Manager

Villas at La Riviera Apartments

7901 La Riviera Drive



Streets98

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DEVELOPER'S PRELIMINARY PROPOSAL

| | | Villas at La Riviera Apartments | |
|-----------------------------------------|--------------------------------------|----------------------------------------------------|------------------------------|
| Address | | 7901 La Riviera Drive | |
| Number of Units | | 200 | |
| Year Built | | 1972 | |
| Affordability | | 20% of units @ 50% of median | |
| <u>Unit Mix and Rents</u> | | Proposed (Market) | Proposed (Restricted) |
| | 1 BD | 65 @ \$530-545 | 16 @ \$514 |
| | 2 BD | 95 @ \$630-645 | 24 @ \$579 |
| <u>Square Footage</u> | | | |
| | 1 BD | 620 | |
| | 2 BD | 770 | |
| <u>Resident Facilities</u> | | | |
| | Existing | Two tot lots, two picnic areas, and laundry rooms. | |
| | Proposed (New) | Learning Center | |
| <u>Sources and Uses of Funds</u> | | | |
| | Bond Proceeds | \$ 8,850,000 | |
| | Private Equity/Other Debt | \$ 420,000 | |
| | Total Sources of Funds | \$ 9,270,000 | |
| | | | <i>Per Unit</i> |
| | Acquisition | \$ 7,607,000 | \$ 38,035 |
| | Rehabilitation | \$ 1,095,730 | \$ 5,479 |
| | Contingency | \$ 72,270 | \$ 361 |
| | Reserves | \$ 70,000 | \$ 350 |
| | Developer Fee | \$ 90,000 | \$ 450 |
| | Other Costs: Financing, & Fees | \$ 335,000 | \$ 1,675 |
| | Total Uses of Funds | \$ 9,270,000 | \$ 46,350 |
| <u>Management - Operations</u> | | | |
| | Proposed Developer | Affordable Community Housing Trust | |
| | Property Management Company | FPI Property Management | |
| | Operations Budget (Total / Per Unit) | \$ 489,573 | \$ 2,448 |
| | Reserves (Total / Per Unit) | \$ 49,750 | \$ 249 |
| | Letter of Credit Provided By: | None - Private Placement | |
| | Tax Credit Investor | Not Applicable | |

The Villas @ La Riviera Apartments

Bond Financing:
 \$8,825,000 @ 7.5%, 30 Years,
 interest only years 1 - 3

| Unit Type | Number | Square Foot | Total Sq.Ft. | Monthly Rent | Per Sq. Ft. | Gross Annl. Rent |
|------------------------------------------|------------|-------------|----------------|---------------|----------------|---------------------|
| 1 Bedroom / 1 Bath - Type A | 32 | 620 | 19,840 | \$ 510 | \$ 0.82 | \$ 195,840 |
| 1 Bedroom / 1 Bath - Type B | 33 | 620 | 20,460 | \$ 525 | \$ 0.85 | \$ 207,900 |
| 1 Bedroom / 1 Bath - Type A - 50% median | 8 | 620 | 4,960 | \$ 450 | \$ 0.73 | \$ 43,200 |
| 1 Bedroom / 1 Bath - Type B - 50% median | 8 | 620 | 4,960 | \$ 514 | \$ 0.83 | \$ 49,344 |
| 2 Bedroom / 1 Bath - Type A | 48 | 770 | 36,960 | \$ 610 | \$ 0.79 | \$ 351,360 |
| 2 Bedroom / 1 Bath - Type B | 47 | 770 | 36,190 | \$ 625 | \$ 0.81 | \$ 352,500 |
| 2 Bedroom / 1 Bath - Type A - 50% median | 12 | 770 | 9,240 | \$ 514 | \$ 0.67 | \$ 74,016 |
| 2 Bedroom / 1 Bath - Type B - 50% median | 12 | 770 | 9,240 | \$ 579 | \$ 0.75 | \$ 83,376 |
| Total / Average | 200 | 709 | 141,850 | \$ 541 | \$ 0.78 | \$ 1,357,536 |

| | Increase/Yr | Per Unit | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 10 | Year 15 |
|---------------------------------------|-------------|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Annualized Gross Income | 2.5% | \$ 6,788 | \$ 1,357,536 | \$ 1,391,474 | \$ 1,426,261 | \$ 1,461,918 | \$ 1,498,466 | \$ 1,695,376 | \$ 1,918,163 |
| Other Income (unit/year) | 2.5% \$ 109 | 109 | 21,853 | \$ 22,400 | \$ 22,960 | \$ 23,534 | \$ 24,122 | \$ 27,292 | \$ 30,878 |
| Vacancy / Concessions / Employee (5%) | | -345 | (68,969) | (69,574) | (71,313) | (73,096) | (74,923) | (84,769) | (95,908) |
| Effective Gross Income | | \$ 6,552 | \$ 1,310,420 | \$ 1,344,300 | \$ 1,377,908 | \$ 1,412,355 | \$ 1,447,664 | \$ 1,637,899 | \$ 1,853,133 |
| Expenses | | | | | | | | | |
| Operating and Maintenance | 3.5% | 2258 | 451,691 | 467,500 | 483,863 | 500,798 | 518,326 | 615,608 | 731,150 |
| Property Taxes | 2.0% | 188 | 37,632 | 38,385 | 39,152 | 39,935 | 40,734 | 44,974 | 49,655 |
| Capital Expenditures & Reserves | 3.5% | 250 | 50,000 | 51,750 | 53,561 | 55,436 | 57,376 | 68,145 | 80,935 |
| Total Expenses | | \$ 2,697 | \$ 539,323 | \$ 557,635 | \$ 576,576 | \$ 596,169 | \$ 616,436 | \$ 728,727 | \$ 861,739 |
| Net Operating Income | | \$ 3,855 | \$ 771,097 | \$ 786,665 | \$ 801,331 | \$ 816,186 | \$ 831,228 | \$ 909,172 | \$ 991,394 |
| Debt Service - Tax-exempt Bonds | | \$ 3,309 | \$661,875 | \$661,875 | \$671,875 | \$684,375 | \$691,875 | \$751,875 | \$826,875 |
| Combined Debt Service | | | \$661,875 | \$661,875 | \$671,875 | \$684,375 | \$691,875 | \$751,875 | \$826,875 |
| Cash Flow after Debt Service | | \$ 546 | \$ 109,222 | \$ 124,790 | \$ 129,456 | \$ 131,811 | \$ 139,353 | \$ 157,297 | \$ 164,519 |
| Debt Coverage Ratio | | | 1.17 | 1.19 | 1.19 | 1.19 | 1.20 | 1.21 | 1.20 |

Maximum Rent and Income Restrictions

Mortgage Revenue Bond Program

(20% of units set aside for tenants at or below 50% of median income)

| Maximum Income Limits: | |
|------------------------|-------------------|
| <u>Family Size</u> | <u>50% Income</u> |
| 1 person | \$ 18,150 |
| 2 person | \$ 20,750 |
| 3 person | \$ 23,350 |
| 4 person | \$ 25,950 |
| 5 person | \$ 28,050 |

| Maximum Rent Limits: | |
|----------------------|-------------|
| <u>Unit Type</u> | <u>Rent</u> |
| 1 Bedroom | \$ 519 |
| 2 Bedroom | \$ 584 |

Market Rate Units

(80% of units in the project)

| Current Market Rents | | |
|----------------------|------------------|-------------|
| <u>Unit Type</u> | <u>Unit Size</u> | <u>Rent</u> |
| 1 Bd / 1 Ba | 620 sq.ft. | \$510-525 |
| 2 Bd / 1 Ba | 770 | \$610-625 |

RESOLUTION NO. 99-211

APPROVED
BY THE CITY COUNCIL

ADOPTED BY THE SACRAMENTO CITY COUNCIL

MAY 6 1999

ON DATE OF _____

OFFICE OF THE
CITY CLERK

**VILLAS AT LA RIVIERA APARTMENTS (7901 La Riviera Drive):
APPROVAL OF THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO ON BEHALF OF THE AFFORDABLE COMMUNITY HOUSING TRUST-DELTA OR
RELATED ENTITY**

WHEREAS, the Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), purposes to issue multifamily housing revenue bonds (the "Bonds") in an amount not to exceed \$8,850,000 and to lend the proceeds thereof to Affordable Community Housing Trust-Delta or an entity related thereto (the "Borrower"), pursuant to a loan or financing agreement by and between the Borrower and the Authority, to be used to provide funds for the acquisition and rehabilitation of an apartment project known as The Villas at La Riviera Apartments, located at 7901 La Riviera Drive in Sacramento, California, all to be owned and operated by the Borrower;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 requires the issuance of the bonds to be approved by the City Council, as the elected representative of the City of Sacramento, the host jurisdiction of the subject apartment project, after a public hearing has been held following reasonable and proper notice;

WHEREAS, a public hearing was held by the City Council on the 6th day of May, 1999, at the hour of 2:00 P.M., in the Council chambers, at 915 "I" Street, Sacramento, California, following duly published notice thereof, and all persons desiring to be heard have been heard; and

WHEREAS, it is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento, the host jurisdiction of the subject apartment project, approved the issuance and delivery by the Authority of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO;

Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Bonds in the maximum principal amount of \$8,850,000 for the purposes described above is hereby approved.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

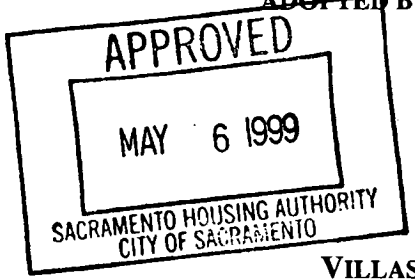
RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO. 99-005

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____



**VILLAS AT LA RIVIERA APARTMENTS (7901 La Riviera Drive):
AUTHORIZATION FOR THE ISSUANCE, SALE AND DELIVERY OF HOUSING AUTHORITY OF THE
CITY OF SACRAMENTO MULTIFAMILY HOUSING REVENUE BONDS (THE VILLAS AT LA
RIVIERA APARTMENTS PROJECT) 1999 ISSUE G, AUTHORIZATION FOR THE EXECUTION AND
DELIVERY OF THE BONDS, AN INDENTURE, A LOAN AND FINANCING AGREEMENT, A
REGULATORY AGREEMENT AND A PRIVATE PLACEMENT AGREEMENT, AUTHORIZING THE
TERMS OF A PERMANENT HOUSING AUTHORITY LOAN FOR THE PROJECT, AND APPROVING
OTHER RELATED DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE
BONDS**

WHEREAS, Chapter 1. of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") authorizes housing authorities to finance the acquisition, construction, rehabilitation and development of multifamily rental housing for persons and families meeting the income limitations contained in the Act;

WHEREAS, the Governing Board (the "Board") of the Housing Authority of the City of Sacramento (the "Authority") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to finance multifamily rental housing pursuant to the Act, in order to increase the supply of such housing in the Authority available to persons and families within the income limitations established by the Act;

WHEREAS, the Authority desires to assist in the financing of a 200 unit multifamily rental housing project, known as the Villas at La Riviera Apartments (the "Project"), pursuant to the Act and desires at this time to provide for the borrowing of money for such purpose through the issuance of and Multifamily Housing Revenue Bonds (The Villas at La Riviera Apartments Project) 1999 Issue G (the "Bonds") as authorized by the Act;

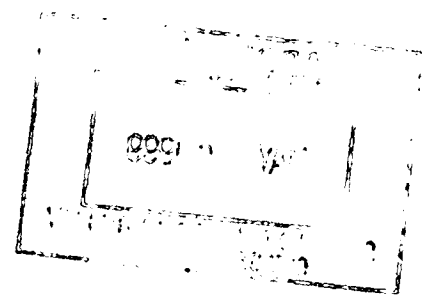
WHEREAS, the Bonds will be sold by the Authority to Municipal Mortgage and Equity, L.L.C. in a private placement pursuant to the terms of the Private Placement Agreement (defined herein);

WHEREAS, on May 6,1999, the City Council of the City of Sacramento conducted a public hearing and approved the issuance of the Bonds, all as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and adopted a resolution approving the issuance of the Bonds;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



WHEREAS, subject to Section 7 hereof, all acts, conditions and things required by the Act, and by the Constitution and all other laws of the State of California, to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened, and have been performed in including the Act, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purposes, in the manner and upon the terms herein provided; and

WHEREAS, this Board hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO FOLLOWS:

Section 1. Recitals of the Bonds. Pursuant to the Act and the Code, the Bonds are hereby authorized to be issued pursuant to the provisions of the Trust Indenture (the "Indenture"), between the City and the trustee set forth therein (the "Trustee"). The form of the Bonds as set forth in the Indenture is hereby approved. Each of the Chair of the Board, the Vice Chair of the Board or the Executive Director of the Authority (collectively, the "Authorized Officers") or their designees is hereby authorized to execute by manual or facsimile signature, and the Secretary of the Authority is hereby authorized to apply the manual or facsimile seal of the Authority and to attest by manual or facsimile signature the Bonds. The proceeds of the Bonds shall be used to make a loan to Affordable Community Housing Trust-Delta, or a related 501 (c)(3) corporation, (the "Borrower") to finance the Project.

The Bonds shall be limited obligations of the Authority, payable solely out of the Pledged Receipts (as defined under the Indenture) and the amounts in certain of the funds and accounts held under the Indenture. No holder of any Bonds shall have the right to compel any exercise of the taxing power of the Authority to pay the Bonds, the interest or redemption premium, if any, thereon, and the bonds shall not constitute an indebtedness of the Authority or a loan of credit of the Authority or the City within the meaning of any constitutional or statutory provision, nor shall the Bonds be construed to create any moral obligation on the part of the Authority or the City with respect to the payment of the Bonds.

Section 2. Approval of the Indenture. Each of the Authorized Officers and the Secretary of the Authority or the designee of any of them are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and delivery the indenture in substantially the form on file with the Secretary of the Authority, with such additions thereto or changes therein as are approved by such officers in consultation with Bond Counsel and the Counsel to the Authority, provided that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of \$8,850,000, the approval of such officers to be evidenced conclusively by the execution and delivery of such document.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 3. Approval of the Loan Agreement. The proposed form of Loan and Financing Agreement (the "Loan Agreement"), between the Authority and the Borrower on file with the Secretary of the Authority is hereby approved. Each of the Authorized Officers or designee of any of them is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such additions thereto or approved by such officers in consultation with Bond Counsel and the Counsel to the Authority, the approval of such officers to be evidenced conclusively by the execution and delivery of such document. Each of the Authorized Officers are further authorized to execute an Assignment of Note assigning the Promissory Note, which secures obligations of the Borrower under the Loan Agreement, to the Trustee.

Section 4. Approval of the Regulatory Agreement. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), among the Authority, the Trustee and the Borrower on file with the Secretary of the Authority is hereby approved. Each of the Authorized Officers and the Secretary of the Authority or the designee of any of them is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and delivery the Regulatory Agreement in substantially said form, with such additions thereto or approved by such officers, in consultation with Bond Counsel and the Secretary of the Authority, the approval of such officers to be evidenced conclusively by the execution and delivery of such document.

Section 5. Approval of the Private Placement Agreement. The proposed form of Private Placement Agreement (the "Private Placement Agreement"), among the Authority, the Borrower and the Municipal Mortgage and Equity, L.L.C. on file with the Secretary to the Authority is hereby approved. Each of the Authorized Officers or the designee of any of them is hereby authorized and directed, for and in the name and on behalf of the Secretary to the Authority, to agree to sell the bonds pursuant to the terms contained in the Private Placement Agreement.

Section 6. Conditions to Issuance. Notwithstanding anything set forth herein to the contrary, the Authority shall not issue the Bonds or loan the proceeds thereof to the Borrower until such time as the Executive Director of the Authority determines that the rehabilitation plan and rehabilitation budget for the Project, comply with the Authority's guidelines and policies.

Section 7. Other Actions, All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance and sale of the Bonds are hereby approved, confirmed and ratified. Upon approval of Bond Counsel, the proper officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Indenture; the Loan Agreement, the Regulatory Agreement, the Private Placement Agreement and the other documents herein approved (including instructing the Trustee to authenticate the Bonds and to pay the costs of issuing the bonds in accordance with the provisions of the Indenture) which they, or any of them, may deem necessary or advisable in

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RESOLUTION NO.: _____

DATE ADOPTED: _____

order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution. The Board hereby approves of the investment of Bond proceeds in guaranteed investment contracts with providers whose credit rating is at least in the second highest rating category of Moody's Investors Service and Standard & Poor's Ratings Services.

Section 8. Immediate Effect. This Resolution shall take effect immediately upon its adoption.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

SHMA