

RESOLUTION NO. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA ROSA APPROVING THE TERMINATION AND RELEASE OF THE REGULATORY AGREEMENT AND RELEASE OF THE DEED OF TRUST WITH INDIVIDUALS NOW, DBA SOCIAL ADVOCATES FOR YOUTH UPON THE SALE AND FULL REPAYMENT OF THE HOUSING AUTHORITY'S LOAN NO. 9021-0274-93 FOR THE YOUTH SHELTER LOCATED AT 1243 RIPLEY STREET, ASSESSOR'S PARCEL NUMBER 180-740-065

WHEREAS, on July 27, 1992, the Housing Authority ("Authority") adopted Resolution No. 669 committing \$47,000 of loan funds (the "Authority Loan") to Individuals Now, dba Social Advocates for Youth (Borrower) to assist in the acquisition of 1243 Ripley Street (the "Property") to be operated as a youth shelter; and

WHEREAS, on November 23, 1992, the Authority amended Resolution No. 669 to include a benefit finding that a youth homeless shelter is of benefit to the Santa Rosa Center Redevelopment Project area; and

WHEREAS, the associated original Promissory Note and Regulatory Agreement which restricted the use of the site as a youth shelter had thirty (30) year terms which expired on August 4, 2023; and

WHEREAS, Borrower requested and Authority approved via Resolution 1748 on October 24, 2022 an extension of the loan payment date under the Authority Loan and regulatory restrictions by 15 years to become due August 4, 2038, forgave all interest accrued from August 4, 1993 through October 24, 2022 in the approximate amount of \$41,229.95, and modified the interest rate for future accruals to zero percent (0%), based on the nature of the youth shelter not generating program income due to the program not charging rent to participants; and

WHEREAS, Authority entered into an Amended and Restated Promissory Note, which is secured by a Deed of Trust recorded against the Property, and an Amended and Restated Regulatory Agreement on August 29, 2023 to implement the Authority's approved loan modifications; and

WHEREAS, Borrower operated the site as a six-bed youth shelter between 1993 and early 2024; and

WHEREAS, on February 27, 2024, Borrower ceased operations of the property and filed for Chapter 7 Bankruptcy; and

WHEREAS, Michael G. Kasolas has been appointed as the Trustee to oversee the Borrower's Chapter 7 Bankruptcy proceedings and has contracted with Fennemore Wendel Law Firm to assist in the liquidation of Borrower's assets to repay obligations; and

WHEREAS, the Trustee, via Fennemore Wendel has requested that upon sale of the property, the Authority release its Regulatory Agreement upon repayment in full of the Authority

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Loan of \$47,000 secured against the property.

NOW, THEREFORE, BE IT RESOLVED that the Housing Authority of the City of Santa Rosa hereby authorizes the issuance of a payoff demand for the outstanding amount due and owing on the Authority Loan, and authorizes the Executive Director to execute a Substitution of Trustee and Deed of Full Reconveyance to release the Deed of Trust from the Property upon repayment of the Authority Loan, and further authorizes the Executive Director to execute a Release of the 2023 Amended and Restated Regulatory Agreement recorded against the property located at 1243 Ripley Street, in the Sonoma County Official Records as document number 2023057121. The authority granted to the Executive Director herein is conditioned on payment in full of the Authority Loan prior to September 30, 2024. The Executive Director shall have authority to approve up to two 3-month extensions in writing upon written request of Borrower or Trustee.

BE IT FURTHER RESOLVED that the Housing Authority hereby authorizes the Executive Director to execute any other agreements, releases, or other correspondence necessary or convenient to carry out the direction set forth in this Resolution.

DULY AND REGULARLY ADOPTED by the Housing Authority of the City of Santa Rosa this 17th day of June, 2024.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____ APPROVED: _____
Secretary Chair

APPROVED AS TO FORM: _____
City Attorney