



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/15/2015

Agenda Placement: 6T

NAPA COUNTY BOARD OF SUPERVISORS

Board Agenda Letter

TO: Board of Supervisors

FROM: Lawrance Florin - Director
Housing and Intergovernmental Affairs

REPORT BY: Lawrance Florin, DIR HOUSING AND INTERGOVERNMENTAL AFFAIRS - 253-4621

SUBJECT: Waiver of conflict for Goldfarb and Lipman regarding Bridge Housing Silverado Creek Partnership Agreement

RECOMMENDATION

Director of Housing and Intergovernmental Affairs and County Counsel request approval of and authorization for County Counsel to sign consent forms waiving potential conflicts of interest in connection with Goldfarb & Lipman LLP's representation of the County in drafting loan documents concerning the existing Silverado Creek affordable housing project.

EXECUTIVE SUMMARY

Silverado Creek is an existing affordable housing development completed in 2002 in the City of Napa. BRIDGE and Napa Valley Community Housing are now seeking to exercise their option to acquire Silverado Creek Apartments from the project's original tax credit investor. BRIDGE Housing's affiliate, Calistoga Brennan Housing, Inc., will be acquiring the limited partnership interest on or prior to January 1, 2016. BRIDGE has asked the County, as lender on the project, to approve the transfer. A refinancing subordination agreement will need to be drafted approving the transfer as well as other loan documents. It is possible that, at some time in the future, other changes will be requested in the County's loan documents.

Goldfarb & Lipman LLP occasionally assists the County in the drafting of loan documents in connection with loans made from the Trust Fund for affordable housing projects. Because Goldfarb and Lipman has an existing attorney-client relationship with BRIDGE Housing, a potential conflict of interest exists. The State Bar rules and Rules of Professional Conduct require Goldfarb & Lipman to obtain a consent/waiver of potential conflict of interest from the County. The developer, BRIDGE Housing, is represented by counsel other than Goldfarb & Lipman in connection with the Silverado Creek project.

Staff sees no actual conflict of interest and recommends the County grant the Goldfarb & Lipman firm a waiver of any potential conflict of interest resulting from the drafting of loan documents on the Silverado Creek project.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action does not have the potential to create a physical change in the environment, nor a reasonably foreseeable indirect physical change, and is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Goldfarb & Lipman occasionally assists the County in the drafting of loan documents in connection with loans made from the Trust Fund for affordable housing projects. Because Goldfarb and Lipman has an existing attorney-client relationship with BRIDGE Housing, a potential conflict of interest exists. The State Bar rules and Rules of Professional Conduct require Goldfarb & Lipman to obtain a consent/waiver of potential conflict of interest from the County. The developer, BRIDGE Housing, is represented by counsel other than Goldfarb & Lipman in connection with the Silverado Creek project.

Silverado Creek is an existing affordable housing project completed in 2002 in the City of Napa. BRIDGE and Napa Valley Community Housing are now seeking to exercise their option to acquire Silverado Creek Apartments from the project's original tax credit investor, Union Bank. Currently, the project is owned by Silverado Creek Housing as the general partner and California Affordable Housing Fund 2005-I LLC as the limited partner. BRIDGE's affiliate, Calistoga Brennan Housing, Inc., will be acquiring the limited partnership interest on or prior to January 1, 2016. This will be documented by an amendment to the Limited Partnership Agreement. There will be no change in the General Partner, Silverado Creek Housing, Inc.

The current ownership structure is as follows:

- | Silverado Creek Housing, Inc. - 0.1% General Partner
- | California Affordable Housing Fund 2005-I, LLC - 99.9% Limited Partner

New ownership structure:

- | Silverado Creek Housing, Inc. - 0.1% General Partner
- | Calistoga Brennan Housing, Inc. - 99.9% Limited Partner

BRIDGE has asked for the County, in its role as lender, to approve the transfer of the limited partnership interest. Goldfarb and Lipman would represent the County in drafting any loan related documents concerning the transfer of

interest or any future requested modifications to the County's loan documents for Silverado Creek.

Staff sees no actual conflict of interest and recommends the County grant the Goldfarb & Lipman firm a waiver of any potential conflict of interest resulting from the drafting such documents.

SUPPORTING DOCUMENTS

A . Letter-BRIDGE Housing

B . Letter-Napa Valley Community Housing

CEO Recommendation: Approve

Reviewed By: Molly Rattigan