

Subject: Creation of the Operating Agreement for DCDC Center Street, LLC.

Background Information:

DCDC Center Street, LLC, organized by Delta Community Developers Corp. ("DCDC") pursuant to Section 214 of the California Revenue and Taxation Code and to further the following charitable purposes of its member(s): (1) to provide housing for low income persons; and/or (2) to serve as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons who are in need of affordable, decent, safe and sanitary housing and related services.

An Operating Agreement for DCDC Center Street, LLC, has been prepared and is attached hereto for approval by the Board. Articles of Organization Limited Liability Company ("LLC") for DCDC Center Street, LLC are to be filed with the Secretary of the State of California following execution of the Operating Agreement.

DCDC Center Street seeks approval of accepting transfer of ownership of 448 S. Center Street, 421 So. El Dorado Street, and 32 W. Park Street to DCDC Center Street. Negotiations are underway with the lender to allow for the assignment and assumption of existing loans although the exact transfer arrangement has yet to be determined. It is anticipated that Authority and/or DCDC may remain as guarantors on said loans. DCDC Center Street requests Executive Director be granted all necessary discretion and authority to execute, prepare, record and/or file all loan and transfer documents in addition to any documents as required by BHS and federal, state and local agencies required by the BHS Agreement as now or hereafter required.

Recommendation:

Staff recommends approving the Operating Agreement for DCDC Center Street, LLC. and accept transfer of properties from Housing Authority County of San Joaquin.

Alternate Option:

Do not approve the Operating Agreement for DCDC Center Street, LLC.

Fiscal Impact: N/A

Attachments: DCDC Center Street LLC Operating Agreement

Prepared by: Alan Richard Coon, General Counsel

Approval:


Peter W. Ragsdale, Executive Director

**RESOLUTION CREATING DCDC CENTER STREET, LLC;
AND APPROVING AND ADOPTING
OPERATING AGREEMENT FOR DCDC CENTER STREET, LLC;
AND ACCEPTING TRANSFER OF
448 S. CENTER STREET, 421 SO. EL DORADO STREET,
AND 32 W. PARK STREET, STOCKTON, CA, PROPERTIES
FROM HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN**

WHEREAS, DCDC Center Street, LLC ("Center Street"), will be organized and operated exclusively for charitable purposes as specified in Section 214 of the California Revenue and Taxation Code (201829710518); and

WHEREAS, Center Street, will be organized to further the following charitable purposes of its sole member, Delta Community Developers Corp. ("DCDC"): (1) to provide housing for low income and/or senior persons; and (2) to serve as a general partner in a limited partnership which will own, operate and manage housing for the benefit of low income and/or senior persons who are in need of affordable, decent, safe and sanitary housing and related service; and

WHEREAS, the Operating Agreement for Center Street, has been prepared for approval and adoption by the DCDC Board of Directors; and

WHEREAS, Articles of Organization Limited Liability Company ("Articles") for Center Street, will be filed with the Secretary of the State of California; and

WHEREAS, the Housing Authority of the County of San Joaquin ("Authority") executed an agreement with Behavioral Health Services to develop emergency housing; and

WHEREAS, BHS has already approved re-purposing the Authority's administrative buildings into 37 subsidized units for BHS residents, and

WHEREAS, it is also the intent of the Authority and BHS to rehabilitate the 32 W. Park Street building for similar purposes; and

WHEREAS, DCDC, as the sole member of DCDC Center Street, LLC created Center Street for the sole purpose of developing emergency housing which necessarily includes BHS Housing; and

WHEREAS, Authority desires to transfer 448 S. Center Street, 421 So. El Dorado Street, and 32 W. Park Street to Center Street LLC;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Directors of DCDC and Center Street LLC, meeting in an Annual Meeting this 16th day of May, 2019, as follows:

1) That the Operating Agreement, dated May 16, 2019, be, and the same hereby is, approved and adopted; and

2) That the Executive Director, on behalf of the Board of Directors of DCDC and Center Street LLC, is hereby granted that discretion and authority to execute any and all transfer documents including, but not limited to, applications, resolutions, assignments, assumptions and guaranties, as well as the preparation, recording and filing of any necessary federal, state and local documents to accomplish acceptance of ownership of said Properties.