

# Attachment C

This page intentionally left blank.



January 12, 2022

**VIA EMAIL**

Kristi Markey  
Deputy County Counsel  
Monterey County  
1441 Schilling Place, 2<sup>nd</sup> Floor South  
Salinas, CA 93901  
Email: [MarkeyKA@co.monterey.ca.us](mailto:MarkeyKA@co.monterey.ca.us)

Re: Request for Extension  
Completion Guaranty for Phase Two dated as June 27, 2019 (the “Phase Two Guaranty”) by Casa Acquisition Corp., a Delaware corporation (“Casa”) and the Successor Agency to the Redevelopment Agency of the County of Monterey (the “Agency”).

Dear Kristi,

This letter follows up on conversations between Agency Staff and UCP East Garrison, LLC (“UCP”) regarding extension of the Phase 2 Guaranty. As you know, UCP is the Master Developer of the East Garrison Project in Monterey County, and is a wholly-owned subsidiary of Casa. Under the Phase Two Guaranty, Casa delivered to the Agency a \$17,500,000 performance bond to secure completion of the low income and very low income apartment units within Phase Two of East Garrison (the “Phase Two Affordable Units”) by no later than March 31, 2025 (the “Completion Date”). For reasons described below, UCP respectfully requests that the Completion Date be extended a year to March 31, 2026.

The Agency previously approved a Memorandum of Agreement dated January 16, 2007 (“MOA”) between EGP and Community Housing Improvement Systems and Planning Association, Inc. (“CHISPA”), pursuant to which the parties agreed to enter into a purchase agreement for CHISPA to purchase the Phase Two apartment parcels and develop the Phase Two Affordable Units. UCP and CHISPA subsequently entered into an Agreement for Purchase and Sale of Real Property and Escrow Instructions dated February 17, 2020 (as amended, the “Purchase Agreement”) substantially in the form attached to the MOA. Both the purchase agreement attached to the MOA and the signed Purchase Agreement include an option for UCP to repurchase the apartment parcels if, among other things, CHISPA fails to meet any of the deadlines for construction. This repurchase right was a key consideration in Casa and UCP agreeing to the Completion Guaranty – without this remedy, UCP would not have any control over timely completion of the Phase Two Affordable Units or the bond being called.

Over the last several years UCP has been diligently working with CHISPA in its pre-development efforts, including cooperating in obtaining plan approval and securing financing for its construction. We are pleased that CHISPA has been awarded a tax credit reservation and is forming a tax credit limited partnership with Enterprise Community Asset Management, Inc. (“Enterprise”) to acquire, construct and own the Phase Two Affordable Units. If CHISPA does not acquire the apartment parcels by February 21, 2022, CHISPA will lose its tax credit allocation. To that end, CHISPA and Enterprise have been working on obtaining a construction loan from JPMorgan Chase Bank, N.A. (“Chase”). However, in December 2021, Enterprise and Chase both informed UCP that they will not agree to UCP’s repurchase option, as it jeopardizes their respective security rights. After further inquiry and review of this matter, UCP believes



that other tax credit equity investors and institutional lenders will have a similar objection. Consequently, in order to proceed with the sale to CHISPA, it will be necessary to eliminate the repurchase option from the Purchase Agreement. In light of UCP's strong interest in ensuring the construction is completed by the Completion Deadline to avoid the Agency drawing on the bond, the parties have discussed alternative remedies for UCP, including UCP having the right to step in as general contractor. However, Enterprise and Chase would like extended cure periods each before UCP can exercise this step-in right. UCP is concerned that these cure periods could significantly impact UCP's ability to take over and complete construction by the current Completion Date.

In addition, although CHISPA has expressed confidence that they will commence construction within 2 months after the closing (as required under the tax credit program), the parties are concerned that construction could be prolonged or disrupted as a result of circumstances including the pandemic and resulting labor and supply chain issues. They have stated that an extended Completion Date would provide some cushion for completion.

For the foregoing reasons, we request that the Agency approve extending the Completion Deadline day for day for the length of any (a) Enforced Delay (as defined in Section 604 of the DDA) that causes delay in completion of the Phase Two Affordable Units, and (b) any cure period benefitting Chase and Enterprise prior to UCP having the right to exercise its step-in rights, but no later than March 31, 2026. This request is highly time sensitive, in light of CHISPA hard deadline to close on the land no later than February 21, 2022. Therefore, we request that this be placed on the Board of Supervisors January 25, 2022 hearing agenda. Feel free to contact me if you have any questions or would like to discuss this further.

Sincerely,

A handwritten signature in blue ink that reads "Holly Traube Cordova".

Holly Traube Cordova, Esq.  
Regional Legal Counsel

cc: Nicholas Arenson  
Dean Mills