



**Contra  
Costa  
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: September 12, 2017

Subject: Termination Agreement and Transfer of Property for Cypress Meadows, Antioch

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**RECOMMENDATION(S):**

ADOPT Resolution No. 2017/323 authorizing the execution and delivery of documents related to the termination of an Amended and Restated Regulatory Agreement and Restrictive Covenants and entering into a Project Agreement for Cypress Meadows Assisted Living Facility in Antioch, including:

1. Approving the form of the Termination Agreement;
2. Approving the form of the Project Agreement;
3. Designating Quint & Thimmig LLP as Bond Counsel; and
4. Authorizing and directing the Chair or Vice Chair of the Board of Supervisors, the Director of the Department of Conservation and Development, and the Assistant Deputy Director of the Department of Conservation and Development to execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to complete the termination of the Regulatory Agreement and implement the provisions of the Project Agreement.

**FISCAL IMPACT:**

No fiscal impact

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☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

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Action of Board On: **09/12/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: September 12, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Kara Douglas,  
925-674-7880

cc:

**BACKGROUND:**

On September 21, 1998, the County issued Residential Rental Facility Revenue Bonds (the "Bonds") to Skyline Crest Enterprises LLC to provide financing for the construction of the 110 unit Cypress Meadows Assisted Living Facility in Antioch. In connection with the issuance of the Bonds, the County entered into an Amended and Restated

## BACKGROUND: (CONT'D)

Regulatory Agreement and Declaration of Restrictive Covenants, as amended, (the "Regulatory Agreement") that set forth certain affordability restrictions related to the Project, and annual fees associated with the monitoring of the Project.

In December 2004, Skyline Crest Enterprises LLC sold the project to Cypress Meadows Antioch LLC (the "New Owner"), repaid the loan in full, and the Bonds were fully redeemed. The Regulatory Agreement, which included County affordability requirements for twenty percent of the units, remained in place until the end of the Qualified Project Period (as defined in the Regulatory Agreement), which was August 31, 2015. The Regulatory Agreement also includes a state requirement that until 2029, rents are to remain affordable to any tenant currently residing in an affordable unit. However, all of the designated units are vacant.

The New Owner is now selling the project to TREG Antioch I Prop Co LP, a Delaware limited partnership (the "Buyer"). In connection with the sale of the property, the Owner has requested that the County terminate the Regulatory Agreement. In consideration of terminating the Regulatory Agreement, the County is requesting that the Buyer enter into a Project Agreement that sets out certain requirements related to the operation and rehabilitation of the project to ensure provision of adequate housing, including the state affordability requirements, and that the County is reimbursed for past due compliance monitoring fees.

The Buyer intends to expend at least \$1.5 million on repairs such as upgrade of life safety components; repair and replacement of the roof, new common area fixtures, furniture and equipment; update and upgrade dining room; upgrade the existing courtyard; paint inside and outside; and install new kitchen equipment.

The Buyer does not intend to temporarily or permanently relocate any tenants as a consequence of the rehabilitation. However, if any resident does move after the Buyer takes possession of the project, the Owner will provide the vacating tenant with information on other appropriate facilities and contact information for the County's Area Agency on Aging.

## CONSEQUENCE OF NEGATIVE ACTION:

If the County does not execute the Termination Agreement, the Buyer will not purchase the property and improvements will not be made.

## ATTACHMENTS

Resolution No. 2017/323

Termination Agreement

Project Agreement