



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: November 17, 2015

Subject: Note Sale Resolution - The Oaks Apartments, Walnut Creek

RECOMMENDATION(S):

1. ADOPT Resolution No. 2015/433 authorizing the issuance of a Multifamily Housing Revenue Note in a principal amount not to exceed \$7,100,000 to finance the acquisition and rehabilitation of The Oaks Apartments in Walnut Creek (the "Development").
2. FIND and DECLARE that the recitals contained in the proposed Resolution are true and correct.
3. AUTHORIZE the issuance of a County of Contra Costa Multifamily Housing Revenue Note (The Oaks Apartments) Series 2015B in an aggregate principal amount not to exceed \$7,100,000.
4. APPROVE the form of, and authorize the County to execute, the Funding Loan Agreement between the County of Contra Costa (the "County") and Citibank, N.A. (the "Funding Lender").
5. APPROVE the form of, and authorize the County to execute, the Borrower Loan Agreement between the County and Oaks II, L.P. (the "Borrower").
6. APPROVE the form of, and authorize the County to execute, the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower.
7. APPROVE the form of, and authorize the County to execute, the Assignment of Deed of Trust by the County to the Funding Lender.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **11/17/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
 Candace Andersen, District II Supervisor
 Mary N. Piepho, 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: November 17, 2015

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

By: Stephanie L. Mello, Deputy

Contact: Kristen Lackey (925)
 674-7888

cc:

8. AUTHORIZE the Designated Officers of the County to execute and deliver the Note to the Funding Lender.
9. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.
10. AUTHORIZE and DIRECT the Designated Officers of the County to do any and all things and take any all actions, and execute and deliver any and all certificates, agreements, and other documents which the officer may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with the Resolution.

FISCAL IMPACT:

No impact to the General Fund. At the closing for the Note, the County is reimbursed for costs incurred in the issuance process. Annual expenses for monitoring of Regulatory Agreement provisions ensuring units in the Development will be rented to low income households are accommodated in the documents for the Note. The Note will be solely secured by and payable from revenues (e.g. Development rents, reserves, etc.) pledged under the Note documents. No County funds are pledged to secure the Note.

BACKGROUND:

The recommended action is the adoption of a Resolution by the Board, as the legislative body of the County, authorizing the issuance of a Multifamily Housing Revenue Note, the proceeds of which will be used to finance the acquisition and rehabilitation of The Oaks Apartments, a 36 unit residential rental housing development (the "Development") located at 3073 North Main Street in Walnut Creek. The development will include 35 units reserved for low income households.

The ownership entity for the development will be Oaks II, L.P., a California limited partnership with Oaks EAH, LLC serving as managing general partner of the Borrower. Oaks EAH, LLC is an affiliate of EAH, Inc., a local non-profit housing developer that has developed over 7,000 units of housing over the past 46 years. Merritt Community Capital Corporation will be the tax credit investor special limited partner.

On June 9, 2015, the Board of Supervisors adopted Resolution No. 2015/199 expressing the Board's intent to issue multi-family housing revenue bonds for the Development. That Resolution authorized the submittal of an application by the County for tax-exempt private activity bond authority from the California Debt Limit Allocation Committee. In addition to the adoption of that Resolution, the County, as required by Section 147(f) of the Internal Revenue Code, held a noticed public hearing to permit interested parties to comment on the proposed financing and the Development. That hearing was held on May 26, 2015 with no comments received from the public. The Board adopted Resolution No. 2015/194 on June 9, 2015 to authorize proceeding with the issuance of the Note pursuant to Section 147(f) of the Internal Revenue Code.

On September 16, 2015, the California Debt Limit Allocation Committee awarded the County authority to issue the Note in a maximum principal amount of \$7,100,000. That authority will be used to issue and sell the Note directly to Citibank, N.A., with the proceeds of the Note to be used to fund a loan by the County to Oak II, L.P. In addition to the proceeds of the Note, the Development will utilize other forms of financing detailed in Attachment A. The transaction is expected to close by December 16, 2015.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing a Multifamily Housing Revenue Note in order to provide a loan to Oaks II, L.P. to finance the acquisition and rehabilitation of The Oaks Apartments in Walnut Creek.

CHILDREN'S IMPACT STATEMENT:

The Oaks Apartments development provides affordable rental housing appropriate for families. This supports outcome #3: Families are Economically Self Sufficient.

ATTACHMENTS

Resolution No. 2015/433

Att A The Oaks Plan of Finance

Att B The Oaks FLA

Att C The Oaks BLA

Att D The Oaks BLA

Att E The Oaks Assignment