



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: June 21, 2016

Subject: Note Sale Resolution -Virginia Lane Apartments, Concord

RECOMMENDATION(S):

1. ADOPT Resolution No. 2016/380 (the "Resolution") authorizing the issuance of a Multifamily Housing Revenue Note in a principal amount not to exceed \$15,988,000 to finance the acquisition and rehabilitation of Virginia Lane Apartments in Concord (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 (Virginia Lane Apartments), Series 2016B in an aggregate principal amount not to exceed \$15,988,000.
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 "Bank").
5. APPROVE the form of, and authorize the County to execute, the Borrower Loan Agreement between the County and VL, L.P., a California Limited Partnership (the "Borrower")
6. APPROVE the form of, and authorize the County to execute, two Regulatory Agreements and Declarations of Restrictive Covenants, one related to the units located at

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **06/21/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: Candace Andersen, District II
Supervisor
Mary N. Piepho, District III
Supervisor
Karen Mitchoff, District IV
Supervisor
Federal D. Glover, District V
Supervisor

ABSENT: John Gioia, District I
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: June 21, 2016

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas
925-674-7880

cc:

1121 Virginia Lane and the other relating to the units located at 1140 Virginia Lane, all in Concord, between the County and the Borrower.

7. APPROVE the form of, and authorize the County to execute, the Assignment of Deed of Trust by the County to the Bank.

8. AUTHORIZE the Designated Officers of the County to execute and deliver the Note to the Bank.

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

RECOMMENDATION(S): (CONT'D)

and take any and 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 Virginia Lane Apartments, a 91 unit residential housing development located at 1121 Virginia Lane and 1140 Virginia Lane in Concord.

The ownership entity for the development will be VL, L.P., a California limited partnership with VL, LLC serving as general partner of the Borrower. The ownership entity is an affiliate of Eden Housing, Inc., a local non-profit housing developer that has developed over 6,000 units of housing over the past 45 years. Wells Fargo Bank will be the tax credit investor limited partner.

On December 8, 2015, the Board of Supervisors adopted Resolution No. 2015/455 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. Subsequent 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 January 4, 2016 with no comments received from the public. The Board adopted Resolution No. 2016/34 on January 19, 2016 to authorize proceeding with the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code.

On March 16, 2016, the California Debt Limit Allocation Committee awarded the County authority to issue the Bonds in a maximum principal amount of \$15,988,000. 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 VL, 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 on or about June 30, 2016. This

action will extend affordability by 15 years.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Note in order to provide a loan to VL, L.P. to finance the acquisition and rehabilitation of Virginia Lane Apartments.

CHILDREN'S IMPACT STATEMENT:

Virginia Lane Apartments provide 91 units of affordable rental housing appropriate for families. This supports outcome #3: Families are Economically Self Sufficient.

ATTACHMENTS

Resolution No. 2016/380

Virginia Lane Plan of Finance

Funding Loan Agreement

Borrower Loan Agreement

Form of Regulatory Agreement

Assignment Deed of Trust