



**Contra  
Costa  
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: December 6, 2016

Subject: Bond Sale Resolution - Hana Gardens Apartments, El Cerrito

**RECOMMENDATION(S):**

1. ADOPT Resolution No. 2016/663 authorizing the issuance of Multifamily Housing Revenue Bonds in a principal amount not to exceed \$21,000,000 to finance the acquisition and construction of Hana Gardens Senior Apartments in El Cerrito (the "Development").
2. FIND and DECLARE that the recitals contained in the proposed Resolution are true and correct.
3. AUTHORIZE the issuance of County of Contra Costa Multifamily Housing Revenue Bonds (Hana Gardens Senior Apartments), Series 2016E bonds (the "Bonds") in an aggregate principal amount not to exceed \$21,000,000.
4. APPROVE the form of, and authorize the County to execute, the Indenture between the County and Wells Fargo Bank National Association. (the "Bank").
5. APPROVE the form of, and authorize the County to execute, the Construction Loan Agreement among the Bank, the County and El Cerrito Senior 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 and Loan Documents by the County to the Bank.
8. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **12/06/2016** ☒ 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: December 6, 2016

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas  
925-674-7880

cc:

9. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution No. 2016/663, 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 Bonds in accordance with the Resolution.

### FISCAL IMPACT:

No impact to the General Fund. At the closing for the Bonds, 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 will be reimbursed through issuer fees established in the documents for the Bonds. The Bonds will be solely secured by and payable from revenues (e.g. Development rents, reserves, etc.) pledged under the Bond documents. No County funds are pledged to secure the Bonds.

### BACKGROUND:

The recommended action is the adoption of a Resolution by the Board, as the legislative body of the County, authorizing the issuance of Multifamily Housing Revenue Bonds, the proceeds of which will be used to finance the acquisition and construction of Hana Gardens Senior Apartments, a 63 unit residential housing development located at 10860 San Pablo Avenue in El Cerrito.

The ownership entity for the development will be El Cerrito Senior, L.P., a California limited partnership with El Cerrito Senior, LLC serving as general partner of the Borrower. The ownership entity is an affiliate of Eden Housing Associates, a local non-profit housing developer that has developed over 7,500 units of housing over the past 48 years. Wells Fargo Tax Credit Equity will be the tax credit investor special limited partner.

On March 1, 2016, the Board of Supervisors adopted Resolution No. 2016/89 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 March 10, 2016, with no comments received from the public. The Board adopted Resolution No. 2016/120 on March 29, 2016, to authorize proceeding with the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code.

On July 20, 2016, the California Debt Limit Allocation Committee awarded the County authority to issue the Bonds in a maximum principal amount of \$21,000,000. That authority will be used to issue and sell the Bonds directly to Wells Fargo Bank National Association, with the proceeds of the Bonds to be used to fund a loan by the Bank to El Cerrito Senior L.P. In addition to the proceeds of the Bonds, the Development will utilize other forms of financing detailed in Attachment A. The transaction is expected to close on or about January 20, 2017.

### CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Bonds in order to provide a loan to El Cerrito Senior, L.P. to finance the construction of Hana Gardens Senior Apartments.

ATTACHMENTS

Resolution No. 2016/663

Attachment A - Plan of Finance

Attachment B - Loan Agreement

Attachment C - Indenture

Attachment D - Regulatory Agreement

Attachment E - Assignment