



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: December 12, 2017

Subject: Notes and Bond Sale Resolution – Twenty One and Twenty Three Nevin Apartments, Richmond

RECOMMENDATION(S):

1. ADOPT Resolution No. 2017/448 authorizing the issuance of Multifamily Housing Revenue Bonds in an amount not to exceed \$130,000,000 to finance (i) the acquisition of two parcels in Richmond by Richmond Nevin Associates, one at 344 21st Street, and one at the southwest corner of Nevin Avenue and 23rd Street, and (ii) the construction of a 271-unit rental housing development on the two parcels by Richmond Nevin Associates.
2. FIND and DECLARE that the recitals contained in Resolution 2017/448 are true and correct.
3. AUTHORIZE the issuance of County of Contra Costa Multifamily Housing Revenue Notes (Twenty One and Twenty Three Nevin Apartments), Series 2017B (the "Notes") in an aggregate principal amount, together with the principal amounts of the Subordinate Bonds (Twenty One and Twenty Three Nevin Apartments), Series 2017B-B1, and the Limited Obligation Multifamily Housing Revenue Bonds (Twenty One and Twenty Three Nevin Apartments), Series 2017B-B2, of not to exceed the lesser of a) the amount of the allocation approved by the California Debt Limit Allocation Committee, plus \$20,000,000; or b) \$130,000,000.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **12/12/2017** ☒ 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: December 12, 2017

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas
925-674-7880

cc:

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 Richmond Nevin Associates, a California Limited Partnership (the "Borrower").

RECOMMENDATION(S): (CONT'D)

6. APPROVE the form of the Indentures between the County of Contra Costa and Wilmington Trust, National Association (the “Trustee”).
7. APPROVE the form of, and authorize the County to execute the Financing Agreements among the County, the Borrower, and the Trustee.
8. APPROVE the Bond Purchase Agreement related to the B-B2 Bonds among the County, the Borrower, and the bond purchaser identified therein.
9. APPROVE the form of, and authorize the County to execute, the Regulatory Agreement and Declarations of Restrictive Covenants between the County and the Borrower.
10. 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, relating to the Note, the Assignment of Junior Deed of Trust and Other Loan Documents (B-1), by the County to the Trustee relating to the B-B2 Bonds.
11. AUTHORIZE the Designated Officers of the County to execute and deliver the Notes to the Bank, and to execute and deliver the Subordinate Bonds to the Trustee.
12. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.
13. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution 2017/448, to do any and all things 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 Notes in accordance with the Resolution.

FISCAL IMPACT:

No impact to the General Fund. At the closing for the Notes and the Subordinate 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 Regulatory Agreement. The Notes and the Subordinate Bonds will be solely secured by and payable from revenues (e.g. Development rents, reserves, etc.) pledged under the Note and Subordinate Bond documents. No County funds are pledged to secure the Notes and Subordinate Bonds.

BACKGROUND:

The recommended action is the adoption of Resolution 2017/448 by the Board of Supervisors, as the legislative body of the County, authorizing the issuance of multifamily housing revenue notes and subordinate bonds, the proceeds of which will be used to finance the development of Twenty One and Twenty Three Nevin Apartments, a 271-unit residential housing development located at 344 21st Street and at the southwest corner of Nevin Avenue and 23rd Street in the City of Richmond.

The ownership entity for the development will be Richmond Nevin Associates, a California limited partnership, which is an affiliate of The Pacific Companies (“TPC”). TPC is a highly experienced for-profit developer that has significant experience in the development of affordable rental housing projects, including over 5,000 units in the western United States of which over 300 units of affordable housing are in Contra Costa County. Boston Capital is the tax credit investor limited partner.

On October 17, 2017, the Board of Supervisors adopted Resolution No. 2017/262 expressing the Board's intent to issue multi-family housing revenue notes 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 October 23, 2017, with no comments received from the public. The Board adopted Resolution No. 2017/394 on November 7, 2017, to authorize proceeding with the issuance of the Notes/Bonds pursuant to Section 147(f) of the Internal Revenue Code.

On December 13, 2017, the California Debt Limit Allocation Committee is expected to award the County a portion of the State of California ceiling on private activity bonds for the purpose of financing the development. That authority will be used to issue and sell the Notes and Subordinate Bonds with the proceeds to be used to fund a loan by the County to Richmond Nevin Associates, a California Limited Partnership. The plan of finance is detailed in Attachment A. The transaction is expected to close on or about December 20, 2017.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Notes in order to provide a loan to finance the development of the 271 affordable units at 21 & 23 Nevin Avenue, Richmond.

CHILDREN'S IMPACT STATEMENT:

Twenty One & Twenty Three Nevin Apartments provides affordable rental housing appropriate for families. This supports outcome #3: Families are Economically Self Sufficient.

ATTACHMENTS

Resolution No. 2017/448

Finance Plan

Funding Loan Agreement

Borrower Loan Agreement

Regulatory Agreement

Financing Agreement B1

Financing Agreement B2

Indenture B1

Indenture B2

Bond Purchase Agreement

Assignment of Deed of Trust

Assignment of Deed of Trust (B1)

Assignment of Deed of Trust (B2)