



Contra
Costa
County

To: Board of Supervisors
From: John Kopchik, Director, Conservation & Development Department
Date: October 23, 2018

Subject: Note Sale Resolution - Bay Point Family Apartments, Bay Point

RECOMMENDATION(S):

1. ADOPT Resolution No. 2018/512 authorizing the issuance of Multifamily Housing Revenue Notes in an amount not to exceed \$67,000,000 to finance (i) the acquisition of a parcel located at the northeast corner of the intersection of Port Chicago Highway and Willow Pass Road in Bay Point and (ii) construction of an 193-unit rental housing development (the "Development") on the parcel by Baypoint Family Apartments L.P. (the "Borrower").

2. FIND and DECLARE that the recitals contained in Resolution 2018/512 are true and correct.

3. AUTHORIZE the issuance of County of Contra Costa Multifamily Housing Revenue Note (Bay Point Family Apartments), Series 2018 B-1 (the "Senior Note") in the amount of \$63,500,000 and County of Contra Costa Multifamily Housing Revenue Note, Series 2018 B-2 (the "Subordinate Note") in the amount of \$3,500,000, together the "Notes",

4. APPROVE the form of, and authorize the County to execute, the Bank Loan Agreement between the County and Pacific Western Bank (the "Bank") regarding the County sale of

APPROVE OTHER

RECOMMENDATION OF CNTY ADMINISTRATOR RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **10/23/2018** 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: October 23, 2018

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

By: Stephanie Mello, Deputy

Contact: Kara Douglas
925-674-7880

cc:

the Senior Note to the Bank for the purpose of loaning the proceeds to the Borrower.

RECOMMENDATION(S): (CONT'D)

5. APPROVE the form of, and authorize the County to execute, the Senior Borrower Loan Agreement between the County and Baypoint Family Apartments, L.P. (the "Borrower") regarding the County loan to the Borrower of the Senior Note sale proceeds.

6. APPROVE the form of, and authorize the County to execute, the Baypoint Loan Agreement between the County and Bay Point Family Apartments, LLC ("Baypoint") regarding the County sale of the Subordinate Note to Baypoint for the purpose of loaning the proceeds to the Borrower.

7. APPROVE the form of, and authorize the County to execute, the Subordinate Borrower Loan Agreement between the County and the Borrower regarding the County loan to the Borrower of the Subordinate Note sale proceeds.

8. APPROVE the form of, and authorize the County to execute, the Regulatory Agreement and Declaration of Restrictive Covenants between the County and Borrower.

9. APPROVE the form of, and authorize the County to execute, the Assignment Agreement by the County to the Bank of the Senior Borrower Loan Agreement and the Assignment Agreement by the County to Baypoint of the Subordinate Borrower Loan Agreement.

10. AUTHORIZE the delivery of the Senior Note by the County to the Bank as purchaser of the Senior Note, and the delivery of the Subordinate Note by the County to Baypoint as purchaser of the Subordinate Note.

11. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.

12. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution 2018/512, 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 notes, 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 notes. The notes 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 notes.

BACKGROUND:

The recommended action is the adoption of Resolution 2018/512 by the Board of Supervisors, as the legislative body of the County, authorizing the issuance of multifamily housing revenue notes, the proceeds of which will be used to finance the development of Bay Point Family Apartments, an 193-unit residential housing development located at the Northeast corner of the intersection of Port Chicago Highway and Willow Pass Road in Bay Point (the “Development”).

The ownership entity for the development will be Bay Point Family Apartments, L.P. (the "Borrower"), a California limited partnership sponsored by Meta Housing Corporation, an experienced for-profit developer.

Conservation and Development staff held a noticed public hearing on July 9, 2018 to permit interested parties to comment on the proposed financing and the Development. No comments were received from the public. The Board adopted Resolution No. 2018/432 on July 10, 2018 to authorize proceeding with the issuance of bonds for the Development pursuant to Section 147(f) of the Internal Revenue Code and the submittal of an application by the County for tax-exempt private activity bond authority from the California Debt Limit Allocation Committee. On September 19, 2018, the California Debt Limit Allocation Committee awarded the County authority to issue bonds in a maximum principal amount of \$67,000,000 through Resolution No. 18-101.

The structure of the bonds will be two series of notes (the term “note” is interchangeable with “bond” as they both evidence a borrowing). The County of Contra Costa, California Multifamily Housing Revenue Note (Baypoint Family Apartments) Series 2018B-1 (the “Senior Note”) in an amount up to \$63,500,000 will be purchased by Pacific Western Bank (the “Bank”) and the proceeds of the sale will be loaned by the County to the Borrower (the “Senior Loan”) to finance the acquisition and construction of the Development. The Senior Loan will be assigned to the Bank.

County of Contra Costa , California Multifamily Housing Revenue Note (Baypoint Family Apartments) Series 2018B-2 (the “Subordinate Note”) in the amount of \$3,500,000 will be purchased by Bay Point Family Apartments LLC (“Baypoint”), an affiliate of Meta Housing, and loaned by the County to the Borrower (the “Subordinate Loan”) to further finance the acquisition and construction of the Development. The Subordinate Loan will be assigned to Baypoint.

In addition to the proceeds of the Notes, the Development will be funded with low income housing tax credits. The transaction is expected to close on or about November 1, 2018.

The Development will be one hundred percent affordable with 171 units at or below 60% area median income and 20 units at or below 50% area median income plus two managers units. It also includes larger size units appropriate for families; 79 3-bedroom

units and 24 4-bedroom units. A Regulatory Agreement governing these affordability restrictions will be recorded against the property. The County approved a Development Plan for the project on April 25, 2017.

Pursuant to California Government Code 5852.1, the Bank has provided a good faith estimate of the cost of the bonds, which is included as Attachment A.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Bonds in order to provide a loan to Baypoint Family Apartments, L.P. to finance the construction of Bay Point Family Apartments.

ATTACHMENTS

Resolution No. 2018/512

Bank Loan Agreement

Senior Borrower Loan Agreement

Baypoint Loan Agreement

Subordinate Borrower Loan Agreement

Regulatory Agreement

Assignment Agreement B1

Assignment Agreement B2

Promissory Note

Good Faith Estimate