



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: March 10, 2020

Subject: Bond Sale Resolution - Coggins Square Apartments in Walnut Creek

RECOMMENDATION(S):

ADOPT Resolution No. 2020/87 authorizing the issuance of multifamily housing revenue bonds designated as “County of Contra Costa, California, Multifamily Housing Revenue Bond (Coggins Square Apartments), 2020 Series C-1” and “County of Contra Costa, California, Multifamily Housing Revenue Bond (Coggins Square Apartments) 2020 Series C-2” in an amount not to exceed \$31,121,520 to finance the acquisition and rehabilitation of an 87-unit multifamily rental housing project located at 1316 Las Juntas Way in the unincorporated area of the County near Walnut Creek (the “Project”), which is commonly known as Coggins Square Apartments.

1. FIND and DECLARE that the recitals contained in Resolution No. 2020/87 are true and correct.
2. APPROVE the sale of the Project by the current owner to Coggins Square Apartments, L.P. (the “Borrower”).
3. APPROVE the form of, and authorize the County to execute, the Termination Agreement among the County, the current trustee and the current owner terminating the existing regulatory agreement and declaration of restrictive covenants.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **03/10/2020** ☒ 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: March 10, 2020

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

By: Stephanie Mello, Deputy

Contact: Kristen Lackey, (925)
674-7793

cc:

RECOMMENDATION(S): (CONT'D)

4. APPROVE the form of, and authorize the County to execute, the Indenture among the County, U.S. Bank as trustee, and Umpqua Bank (the "Bank").
5. APPROVE the form of, and authorize the County to execute, the Loan Agreement among the Bank, the County and 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 Related Documents, by the County to the Bank.
8. AUTHORIZE the delivery of the Bonds by the County to the Bank.
9. APPOINT Quint & Thimmig, LLP as bond counsel for the transaction.
10. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution No. 2020/87, 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 Project 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 repayment of the Bonds.

BACKGROUND:

The recommended action is the adoption of Resolution 2020/87 by the Board of Supervisors, 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 rehabilitation of Coggins Square Apartments, an 87-unit residential housing development located at 1316 Las Juntas Way in the unincorporated area of the County near Walnut Creek (the "Project"). The ownership entity for the development will be Coggins Square Associates, L.P. (the "Borrower"), a California limited partnership that consists of an entity related to BRIDGE Housing as the managing general partner and National Affordable Housing Trust as the tax credit equity investor.

Conservation and Development staff held a noticed public hearing on September 30, 2019 to permit interested parties to comment on the proposed financing and the Project. No comments were received from the public. The Board adopted Resolution No. 2019/568 on October 8, 2019 to authorize proceeding with the issuance of the Bonds for the Project 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 December 11, 2019, the California

Debt Limit Allocation Committee awarded the County authority to issue the Bonds in a maximum principal amount of \$31,121,520 through its Resolution No. 19-204.

The structure of the financing will be two bonds. The County of Contra Costa, California Multifamily Housing Revenue Bond (Coggins Square Apartments) 2020 Series C-1 and County of Contra Costa, California Multifamily Housing Revenue Bond (Coggins Square Apartments) 2020 Series C-2 (the “Bonds”) will be purchased by Umpqua Bank (the “Bank”) and the proceeds of the sales will be loaned to the Borrower to finance the acquisition and rehabilitation of the Project. In addition to the proceeds of the Bonds, the Development will be funded with low income housing tax credits and County Community Development Block Grant funds. The transaction is expected to close on or about March 31, 2020.

The Project will be one hundred percent affordable with sixteen units affordable to households earning at or below 30% area median income, thirty-nine units at or below 50% area median income, and thirty-one units at or below 60% area median income plus one managers unit. A new Regulatory Agreement governing these affordability restrictions will be recorded against the property and the current Regulatory Agreement (entered in 1998) will be terminated.

CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Bonds in order to provide a loan to Coggins Square Apartments, LP to finance the acquisition and rehabilitation of Coggins Square Apartments.

CHILDREN'S IMPACT STATEMENT:

The recommendation supports one or more of the following children's outcomes:

- (1) Children Ready for and Succeeding in School;
- (2) Children and Youth Healthy and Preparing for Productive Adulthood;
- (3) Families that are Economically Self Sufficient;
- (4) Families that are Safe, Stable and Nurturing; and
- (5) Communities that are Safe and Provide a High Quality of Life for Children and Families.

ATTACHMENTS

Resolution 2020/87

Coggins Termination Agreement

Coggins Indenture

Coggins Loan Agreement

Coggins Assignment of Deed of Trust

Coggins Regulatory Agreement