



**Contra  
Costa  
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: September 15, 2020

Subject: Multifamily Housing Revenue Note - Veterans Square in Pittsburg

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**RECOMMENDATION(S):**

1. ADOPT Resolution No. 2020/235 authorizing the issuance of a multifamily housing revenue note (the "Note") designated as "County of Contra Costa, California, Multifamily Housing Revenue Note (Veterans Square), 2020 Series D" in an amount not to exceed \$11,434,610 to finance the construction of a 30-unit affordable rental housing project located at 901 Los Medanos Street and 295 East 10th Street in the City of Pittsburg (the "Development"), which is commonly known as Veterans Square.
2. FIND and DECLARE that the recitals contained in Resolution No. 2020/235 are true and correct.
3. APPROVE the form of, and authorize the County to execute, the Funding Loan Agreement among the County, and JPMorgan Chase Bank, National Association (the "Funding Lender") regarding the County sale of the Note to the Initial Funding Lender for the purpose of loaning the proceeds to Veterans Square, L.P. (the "Borrower").
4. APPROVE the form of, and authorize the County to execute, the Borrower Loan Agreement among the County (the "Governmental Lender"), and Veterans Square, L.P. (the

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

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Action of Board On: **09/15/2020** ☒ 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: September 15, 2020

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

Contact: Amalia Cunningham,  
925-674-7869

By: June McHuen, Deputy

cc:

“Borrower”) regarding the County loan of Note proceeds to the Borrower.

#### RECOMMENDATION(S): (CONT'D)

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

6. AUTHORIZE the delivery of the Note by the County to the Funding Lender as the initial purchaser of the Note.

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

8. AUTHORIZE and DIRECT the Designated Officers of the County, as defined in Resolution 2020/235, 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 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 will be reimbursed through issuer fees established 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 repayment of the Note.

#### BACKGROUND:

The recommended action is the adoption of Resolution 2020/235 by the Board of Supervisors, as the legislative body of the County, authorizing the issuance of a multifamily housing revenue note, the proceeds of which will be used for the construction of Veterans Square, a 30-unit affordable housing development located at 901 Los Medanos Street and 295 East 10th Street in the City of Pittsburg (the "Development"). The ownership entity for the development is Veterans Square, L.P. (the "Borrower"), a California limited partnership that consists of an entity related to Satellite Affordable Housing Associates (SAHA) as the managing general partner and an entity related to California Housing Partnership Corporation (CHPC) as the tax credit equity investor. On December 17, 2019, the Board adopted reimbursement Resolution No. 2019/665 to conditionally approve the issuance of multifamily housing revenue bonds.

Department of Conservation and Development staff held a noticed public hearing on January 21, 2020, 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. 2020/25 on February 4, 2020, to authorize proceeding with the issuance of the Note to finance the Development in satisfaction of public approval requirements of the Code 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 April 14, 2020, the California Debt Limit Allocation Committee awarded the County authority to issue the Note in a maximum principal amount of \$11,434,610 through its Resolution No. 20-081.

The structure of the financing will be one Note (the term “Note” is interchangeable with “Bond” as they both evidence a borrowing). The County of Contra Costa, California Multifamily Housing Revenue Note (Veterans Square) Series 2020 D (the “Note”) will be purchased by JPMorgan Chase, National Association (the “Funding Lender”) and the proceeds of the sale will be loaned by the County (the “Governmental Lender”) to Veterans Square (the “Borrower”) to finance the construction of the Development pursuant to a borrower loan agreement (the “Borrower Loan Agreement”) between the County and the Borrower, with amounts due from the County to the Funding Lender under the Note and the Funding Loan Agreement to be payable solely from amounts paid by the Borrower under the Borrower Loan Agreement. In addition to the proceeds of the Note, the Development has applied for other funding from the County HOME program of \$2,200,400. The Development will also be funded with awards from the City of Pittsburg and Silicon Valley Housing Trust. The transaction is expected to close on or about October 15, 2020.

#### CONSEQUENCE OF NEGATIVE ACTION:

Negative action would prevent the County from issuing the Multifamily Housing Revenue Note in order to provide a loan to Veterans Square, L.P. to finance the construction of Veterans Square, L.P.

#### 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 2020/235

Borrower Loan Agreement

Regulatory Agreement

Funding Loan Agreement