



Agenda

Tuesday, March 12, 2019

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m.

1. **CALL TO ORDER**

ROLL CALL – Clerk to the Board

2. **APPROVAL OF MINUTES**

Approval of the minutes from the February 26, 2019 regular meeting.

3. **NEW BUSINESS**

- a. Consideration of approving resolution 19-03A for Reliant – East Bay, LP, City of Hayward, County of Alameda, City of Hercules and City of Antioch, County of Contra Costa; up to a \$60,000,000 revenue note. (Staff – Caitlin Lanctot)

4. **PUBLIC COMMENT**

Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

5. **STAFF UPDATES**

6. **ADJOURNMENT**

Adjourn as the California Public Finance Authority.



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2. **APPROVAL OF MINUTES**

Approval of the minutes from the February 26, 2019 regular meeting.



Action Summary

Tuesday, February 26, 2019

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m.

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1. **CALL TO ORDER**

ROLL CALL – Clerk to the Board

MEMBERS PRESENT: JOE NEVES, RICHARD VALLE, DOUG VERBOON, RICHARD FAGUNDES

MEMBERS ABSENT: CRAIG PEDERSEN

2. **APPROVAL OF MINUTES**

Approval of the minutes from the February 12, 2019 regular meeting.

ACTION: APPROVED AS PRESENTED (RF/DV/RV/JN-Aye, CP-Absent)

3. **CONSENT CALENDAR**

- a. Consideration of approving resolution 19-02M for the addition of program participants to the Authority.
- b. Consideration of approving an inducement resolution 19-01I for: St. Anton Communities, LLC (St. Anton Tasman), City of Santa Clara, County of Santa Clara; up to \$80,000,000 in revenue bonds.
- c. Consideration of Invoice request 19-02IR for US Bank Fees.

ACTION: CONSENT CALENDAR APPROVED AS PRESENTED (DV/RV/RF/JN-Aye, CP-Absent)

4. **NEW BUSINESS**

- a. Consideration of approving resolution 19-02A for Main Street Plaza Apartments, L.P., City of Roseville, County of Placer; up to \$15,000,000 of revenue notes. (Staff – Caitlin Lancot)

ACTION: APPROVED AS PRESENTED (RF/DV/RV/JN-Aye, CP-Absent)

5. **PUBLIC COMMENT**

Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

None

6. **STAFF UPDATES**

None

7. **ADJOURNMENT**

The meeting was adjourned at 11:07 a.m.



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3. **NEW BUSINESS**

- a. Consideration of approving resolution 19-03A for Reliant – East Bay, LP, City of Hayward, County of Alameda, City of Hercules and City of Antioch, County of Contra Costa; up to a \$60,000,000 revenue note. (Staff – Caitlin Lanctot



CALIFORNIA PUBLIC FINANCE AUTHORITY

DATE: MARCH 12, 2019

APPLICANT: RELIANT – EAST BAY, LP

AMOUNT: A \$60,000,000 REVENUE NOTE

PURPOSE: FINANCING OF THREE MULTIFAMILY RENTAL HOUSING PROJECTS

PRIMARY ACTIVITY: AFFORDABLE HOUSING

Background:

Reliant – East Bay, LP (the "Borrower") has requested that CalPFA issue a revenue notes to assist in the acquisition, rehabilitation and development of the East Bay Portfolio (the "Project"), which includes three apartment buildings:

- Villa Medanos Apartments is a 112-unit building located at 2811 Cadiz Lane in Antioch
- Willow Glen Apartments is an 84-unit building located at 1231 Willow Avenue in Hercules
- Leisure Terrace Apartments is a 68-unit building located at 1638 E Street in Hayward

The Project application was filed on November 27, 2018, induced on December 4, 2018, and is anticipating an allocation of tax-exempt bonds on March 20, 2019.

Description of Proposed Project:

The Borrower is requesting CalPFA to issue and deliver a multifamily housing revenue note in an amount not to exceed \$60,000,000 (the "Note") to finance the acquisition, rehabilitation and development of the Project. The Project will provide 264 units to low-income families and seniors in Antioch, Hercules, and Hayward, California.

The three properties will undergo an extensive interior and exterior renovation ranging between \$38,000 to \$52,000 in total construction costs. The renovation will focus on curing all deferred maintenance, updating unit interiors, improving curb appeal, improving energy efficiency, reducing operating and utility costs, and ensuring the longevity of the assets. The renovation work is expected to take eight months to complete and will be done with tenants in-place. Exterior/common area improvements will include as needed: new roofs, energy efficient windows and sliding glass doors, upgraded energy efficient lighting fixtures, wood repair/siding replacement and full exterior paint, extensive landscaping, upgraded pool and BBQ areas, new fitness centers, new signage, parking lot repairs and improved community buildings. Unit interior upgrades will include as needed: new cabinets and countertops in kitchens and baths, new energy efficient appliances, low flow toilets and showerheads, energy efficient lighting and new fixtures, and new vinyl flooring in kitchen, hallways, and baths.

The use of tax-exempt financing and Low-Income Housing Tax credits will convert the properties from a market rental project to a 100% deed restricted affordable housing projects. Rents will be restricted to low- and very low-income households for a 55-year term.

TEFRA Information:

TEFRA hearings were held and approved by:

- City of Antioch, January 8, 2019
- City of Hercules, February 12, 2019
- City of Hayward, February 19, 2019
- Kings County, January 29, 2019

Financing Structure:

The construction Note will be privately placed and mature in no more than 30 months. The financing will then convert to permanent financing for 15 years. Interest on the senior bonds will be fixed and is expected to be around 4.4%. The subordinate debt will be unrated and mature in no more than 37 years. The proposed financing is in accordance with the Authority's issuance guidelines.

Estimated Sources and Uses:

Sources:

Bond Proceeds	\$70,000,000
Cash Flow	\$4,000,000
LIHTC Equity	<u>\$26,000,000</u>
Total Sources:	\$100,000,000

Uses:

Land Acquisition Cost	\$7,000,000
Building Acquisition Cost	\$50,000,000
Hard Construction Costs	\$12,000,000
Equipment Cost	\$200,000
Cost of Issuance	\$250,000
Capitalized Interest	\$5,000,000
Developer Fee	\$9,600,000
Reserves	\$1,000,000
Financing Costs	\$1,000,000
<u>Other Soft Costs</u>	<u>\$13,950,000</u>
Total Costs:	\$100,000,000

Recommendations:

Based on the overall Project public benefit detailed on Attachment 1, it is recommended that the Board approve the Resolution as submitted to the Board, which:

1. Approves the issuance of the Note;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Board or authorized signatory to sign all necessary documents.

Attachment 1

Public Benefits:

- 100% of the Project's units will remain income and rent restricted
 - 28 units at 50% AMI
 - 233 units at 60% AMI
 - 3 manager's units
- The Project will remain income and rent restricted for at least 55 years
- Site Amenities
 - Willow Glen is located within a Public Transit Corridor and within ½ mile of a public park
 - Villa Medanos is located within a Public Transit Corridor, within ½ mile of a public park, within ½ mile of a grocery store, and within a ½ mile of a hospital
 - Leisure Terrace is located within a Public Transit Corridor, within ½ mile of a public park, and within ½ mile of a public school

RESOLUTION NO. 19-03A

A RESOLUTION OF THE CALIFORNIA PUBLIC FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$60,000,000 FOR THE FINANCING OF MULTIFAMILY RENTAL HOUSING PROJECTS COLLECTIVELY TO BE KNOWN AS THE EAST BAY PORTFOLIO; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION OF AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH THE NOTE.

WHEREAS, the California Public Finance Authority (the “Authority”) is authorized by the Joint Powers Act, commencing with Section 6500 of the California Government Code (the “JPA Law”), and its Joint Exercise of Powers Agreement, dated as of May 12, 2015, as the same may be amended (the “Agreement”), to issue revenue bonds and execute and deliver revenue notes for the purpose of financing, among other things, the acquisition, construction/rehabilitation, and development of multifamily rental housing projects in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Law”);

WHEREAS, Reliant – East Bay, LP, a California limited partnership, and entities related thereto (collectively, the “Borrower”), has requested that the Authority execute and deliver its California Public Finance Authority Multifamily Housing Revenue Note (East Bay Portfolio) 2019 Series B (the “Note”) and issue its California Public Finance Authority Multifamily Housing Revenue Bonds (East Bay Portfolio) 2019 Subordinate Series B (the “Subordinate Bonds”) and together with the Note, the “Obligations”) to assist in the financing of the acquisition, rehabilitation and development of (i) a 112-unit multifamily residential project located in the City of Antioch, County of Contra Costa, California, known or to be known as Villa Medanos Apartments (the “Villa Medanos Apartments”), (ii) a 68-unit multifamily residential project located in the City of Hayward, County of Alameda, California, known or to be known as Leisure Terrace Apartments (the “Leisure Terrace Apartments”), and (iii) an 84-unit multifamily residential project located in the City of Hercules, County of Contra Costa, California, known or to be known as Willow Glen Apartments (the “Willow Glen Apartments”), collectively the projects shall be known as the East Bay Portfolio (the “Project”);

WHEREAS, on March 20, 2019, the Authority expects to receive allocations from the California Debt Limit Allocation Committee (“CDLAC”) in the amounts of (i) \$23,170,000 in connection with the Villa Medanos Apartments; (ii) \$14,980,000 in connection with the Leisure Terrace Apartments; and (iii) \$18,630,000 in connection with the Willow Glen Apartments (collectively, the “Allocation Amount”);

WHEREAS, the County of Kings is a Charter Member (as defined in the Agreement) of the Authority and the City of Antioch, the City of Hayward and the City of

Hercules is each an Additional Member (as defined in the Agreement) and each has authorized the execution and delivery of the Obligations;

WHEREAS, the Authority is willing to execute and deliver the Obligations in an aggregate principal amount not to exceed \$60,000,000, provided that the portion of such Obligations executed and delivered as federally tax-exempt obligations shall not exceed the Allocation Amount, and to loan the proceeds thereof to the Borrower to assist in providing financing for the Project, which will allow the Borrower to reduce the cost of the Project and to assist in providing housing for low and very low income persons;

WHEREAS, the Note will be executed and delivered to Citibank, N.A. (the "Funding Lender"), as the initial holder of the Note;

WHEREAS, the Subordinate Bonds will be privately placed with Reliant CAP IX, LLC, a California limited liability company, or an affiliate thereof (the "Subordinate Bonds Purchaser"), as the initial purchaser of the Subordinate Bonds, in accordance with the Authority's private placement policy;

WHEREAS, there have been prepared and made available to the members of the Board of Directors of the Authority (the "Board") the following documents required for the issuance, execution and delivery of the Obligations, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

(1) Funding Loan Agreement (the "Funding Loan Agreement") to be entered into between the Funding Lender and the Authority;

(2) Borrower Loan Agreement (the "Borrower Loan Agreement") to be entered into between the Authority and Borrower;

(3) A form of Regulatory Agreement and Declaration of Restrictive Covenants relating to each of the three projects comprising the Project (collectively, the "Regulatory Agreement"), to be entered into among the Borrower, the Authority and Wilmington Trust, National Association, as trustee for the Subordinate Bonds (the "Subordinate Bonds Trustee");

(4) Indenture of Trust (the "Subordinate Indenture"), to be entered into between the Authority and the Subordinate Bonds Trustee, relating to the Subordinate Bonds; and

(5) Financing Agreement (the "Subordinate Financing Agreement"), to be entered into among the Authority, the Subordinate Bonds Trustee and the Borrower, relating to the Subordinate Bonds.

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Authority, as a conduit financing provider, has received certain representations and good faith estimates from the Borrower and has disclosed such good faith estimates as set forth in Exhibit A attached hereto;

NOW, THEREFORE, BE IT RESOLVED by the members of the Board, as follows:

Section 1. The recitals set forth above are true and correct, and the members of the Board hereby find them to be so.

Section 2. Pursuant to the JPA Law, the Funding Loan Agreement and the Subordinate Indenture, and in accordance with the Housing Law, the Authority is hereby authorized to execute and deliver the Obligations in one or more series. The Obligations shall be designated as (i) “California Public Finance Authority Multifamily Housing Revenue Note (East Bay Portfolio) 2019 Series B” and (ii) “California Public Finance Authority Multifamily Housing Revenue Bonds (East Bay Portfolio) 2019 Subordinate Series B,” including, if and to the extent necessary, one or more sub-series, with appropriate modifications and series and sub-series designations as necessary, in an aggregate principal amount not to exceed \$60,000,000; provided that the Obligations may not be issued unless and until CDLAC grants the Project the Allocation Amount, and provided further that the aggregate principal amount of any tax-exempt Obligations executed and delivered shall not exceed the Allocation Amount. The Note shall be executed and delivered and the Subordinate Bonds shall be issued in the form set forth in and otherwise in accordance with the Funding Loan Agreement and the Subordinate Indenture, respectively, and shall be executed on behalf of the Authority by the facsimile signature of the Chair of the Authority or the manual signature of any Authorized Signatory (as defined below), and attested by the facsimile signature of the Treasurer and Secretary of the Authority, or the manual signature of any Authorized Signatory. The Note and the Subordinate Bonds shall be secured in accordance with the terms of the Funding Loan Agreement and the Subordinate Indenture, respectively, presented to this meeting, as hereinafter approved. Payment of the principal and purchase price of, and prepayment premium, if any, and interest on, the Note and the Subordinate Bonds shall be made solely from amounts pledged thereto under the Funding Loan Agreement and the Subordinate Indenture, and the Obligations shall not be deemed to constitute a debt or liability of the Authority or any Member of the Authority or any Director of the Board of the Authority (each, a “Director”).

Section 3. The Funding Loan Agreement in the form presented at this meeting is hereby approved. Any Director, including any such Director acting as an officer of the Board, or any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby (including, without limitation, the administrative delegates duly authorized pursuant to Resolution No. 17-01C of the Governmental Lender, adopted on April 25, 2017) (together with the Directors including any such Director acting as an officer of the Board, each such person is referred to herein individually as an “Authorized Signatory”), acting alone, is authorized to execute by manual signature and deliver the Funding Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond May 1, 2064), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed.

Section 4. The Borrower Loan Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Borrower Loan Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The Regulatory Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Regulatory Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The Subordinate Indenture in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Subordinate Indenture, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates (which shall not extend beyond April 1, 2064), interest rate or rates (which shall not exceed 12%), interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Subordinate Bonds shall be as provided in the Subordinate Indenture as finally executed.

Section 7. The Subordinate Financing Agreement in the form presented at this meeting is hereby approved. Any Authorized Signatory, acting alone, is authorized to execute by manual signature and deliver the Subordinate Financing Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The Authority is hereby authorized to execute and deliver the Note to the Funding Lender pursuant to the terms and conditions of the Funding Loan Agreement.

Section 9. The Authority is hereby authorized to issue and sell the Subordinate Bonds to the Subordinate Bond Purchaser pursuant to the terms and conditions of the Subordinate Indenture.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the financing of the Project and the issuance, execution and delivery of the Obligations are hereby approved, ratified and confirmed, and any Authorized Signatory, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, a termination of regulatory agreement, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement, Subordinate Indenture and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful

issuance, execution and delivery of the Obligations and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing of the Project.

Section 11. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the execution and delivery of the Obligations, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Obligations or any prepayment or redemption of the Obligations, may be given or taken by any Authorized Signatory, as appropriate, without further authorization by the Board, and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution and the financing of the Project; provided such action shall not create any obligation or liability of the Authority other than as provided in the Funding Loan Agreement, the Subordinate Indenture and other documents approved herein.

Section 12. This Resolution shall take effect upon its adoption.

[Remainder of Page Intentionally Left Blank]

PASSED AND ADOPTED by the California Public Finance Authority this March 12, 2019.

The undersigned, an Authorized Signatory of the California Public Finance Authority, DOES HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of the Authority at a duly called meeting of the Board of the Authority held in accordance with law on March 12, 2019.

By _____
Authorized Signatory

EXHIBIT A

Good Faith Estimates Relating to Compliance with SB 450

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the California Public Financing Authority (the "Authority") as conduit financing provider, prior to the Authority's regular meeting (the "Meeting") of its board of directors (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Obligations") as identified below.

1. Name of Borrower: Reliant – East Bay, LP.
2. Authority Meeting Date: March 12, 2019.
3. Name of Obligations: 2019 Series B.
4. Private Placement Lender or Bond Purchaser, Underwriter or Financial Advisor or Borrower (mark one) engaged by the Borrower provided the Borrower with the required good faith estimates relating to the Obligations as follows:
 - [(A) The true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Obligations (to the nearest ten-thousandth of one percent): 5.9800%.
 - (B) The finance charge of the Obligations, which means the sum of all fees and charges paid to third parties: \$1,750,000.
 - (C) The amount of proceeds received by the public body for sale of the Obligations less the finance charge of the Obligations described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Obligations: \$57,900,000.
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Obligations plus the finance charge of the Obligations described in subparagraph (B) not paid with the proceeds of the

Obligations (which total payment amount shall be calculated to the final maturity of the Obligations): \$58,610,000. (construction period interest, permanent term debt service, fees)

5. The good faith estimates provided above were ___ presented to the governing board of the Borrower, or ___ presented to the official or officials or committee designated by the governing board of the Borrower to obligate the Borrower in connection with the Obligations or, in the absence of a governing board, ___ presented to the official or officials of the Borrower having authority to obligate the Borrower in connection with the Obligations (mark one).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to a variety of factors. The actual interest rates borne by the Obligations and the actual amortization of the Obligations will depend on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Borrower.

The Authority is authorized to make this document available to the public at the Meeting of the Authority.

Dated: 3/12/2019