



Golden State Finance Authority
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**Golden State Finance Authority (GSFA)
Multifamily Review and Approval Action Team Meeting
Wednesday, May 11, 2016
1:00 p.m.
Teleconference at (916) 326-5821
1215 K Street Suite 1650
Sacramento, CA 95814**

AGENDA

Multi-Family Review and Approval Action Team:

Supervisor Kevin Cann, Mariposa County
Supervisor Diane Dillon, Napa County
Supervisor Randy Hanvelt, Tuolumne County
Supervisor Les Baugh, Shasta County
Supervisor Rex Bohn, Humboldt County

Teleconference Locations:

Member:

Supervisor Rex Bohn
Supervisor Les Baugh

Teleconference Address

825 Fifth Street, Room 101, Humboldt, CA 95501
1887 Howard St., Anderson, CA 96007

- 1. Call to Order & Determination of Quorum**
Supervisor Randy Hanvelt, Tuolumne County
- 2. Public Testimony**
Presentation only of any matters of concern to the general public
- 3. GSFA Resolution 2016-06: Official Intent to Issue Multi-Family Housing Revenue Bonds – ACTION** Page 1
Craig Ferguson, Vice President
- 4. Adjournment**
Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participant in a public meeting, please call Sarah Bolnik at (916) 384-1619 at least 48 hours before the meeting. Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item.



To: GSFA Multifamily Review and Approval Action Team
From: Craig Ferguson, Vice President
Date: 5/6/2016
Re: Resolution 2016-06: Official Intent to Issue Multi-Family Housing –
ACTION

The GSFA Multifamily Review and Approval Action Team (the “Authority”) is being asked to adopt an inducement resolution relating to the issuance by the Authority of multifamily housing revenue bonds for the purpose of financing the acquisition and rehabilitation of five multifamily residential housing facilities located in four counties that are members or associate members of the Authority (each a “Project” and collectively the “Projects”). The Projects are described on the attached exhibit.

There are several steps that must be taken before bonds can be issued for any Project. Prior to the issuance of bonds the Project will need to receive “private activity bond” allocation from the California Debt Limit Allocation Committee (“CDLAC”). Several documents must be submitted with the CDLAC application for “private activity bond” allocation, including an inducement resolution of the bond issuer, that is, the Authority. The inducement resolution does two things, it demonstrates to CDLAC the willingness of the Authority to issue bonds for the Project if all issuance requirements are met, and it also addresses a requirement of the Internal Revenue Code of 1986, as amended (the “Tax Code”) relating to reimbursement of costs. It is a requirement of the Tax Code that if costs of a project are to be reimbursed with proceeds of bonds issued after the work on the project has begun, then there should be a declaration of intent to issue bonds at the commencement of the process. For these reasons, it is common for an initial resolution of intent, also known as an inducement resolution, to be presented to the bond issuer to give preliminary approval for the bond issue.

An additional Tax Code requirement is that the “applicable elected representatives” of the jurisdiction in which a project to be financed with “private activity bonds” is situated adopt a resolution approving the issuance of such “private activity bonds” after a public hearing has been held which has been noticed in a newspaper of general circulation in such jurisdiction. The Board of Supervisors of each member or associate member county in which a Project is located is being requested to adopt a resolution approving the issuance of bonds for the applicable Project in that county, after the public hearing has been held. The county resolution will act as the approval by the “applicable elected representatives” with respect to the proposed Project in that county. The

CDLAC application for “private activity bond” allocation for a multifamily housing project requires the inclusion of the county approval resolution, or if the resolution has not yet been adopted, an indication of when the approval resolution will be approved.

It is important to note that approval of an inducement resolution does not require that the Authority ultimately issue the bonds. The resolution includes a number of conditions that must be satisfied before the bonds can be issued, including such things as the developer obtaining the “private activity bond” allocation, the developer obtaining all permits for the project, compliance with all regulatory approvals, agreement with between the developer and the bond purchaser, acceptable to the Authority, as to the terms of the bonds and security for the repayment of bonds, and final approval of the Authority of the issuance of the bonds by a subsequent resolution.

It is also important to note that the bonds for a Project, when issued, would not be secured by any form of taxation, or by any obligation of either the county or the Authority. Neither would the debt represent or constitute a general obligation of either the Authority or the applicable county. The bonds would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the developer of the proposed housing project. In the financing documents the developer will also provide comprehensive indemnification to the Authority and its members and associate members, including the applicable county.

Recommendation

It is recommended that GSFA Multi-Family Approval and Action team review and approve the following:

1. Resolution 2016-06 authorizing:

The issuance of debt for the financing of multi-family housing projects, the development and approval of financing structures, application procedures and the participation in any application required to assist a potential borrower in being awarded tax exempt volume cap by CDLAC.

Attachment(s)

- GSFA Resolution 16-06
- Exhibit A

EXHIBIT A

Project Name	Project Location	Units	Multifamily/ Senior Housing Project	Name of Initial Owner/Operator	Not To Exceed Bond Amount
Las Palmas II ⁽¹⁾	City of Coachella County of Riverside	81	Multifamily Housing Project	Las Palmas Coachella AR, L.P.	\$3,900,000
Village at Madera	City of Madera County of Madera	75	Multifamily Housing Project	Village Madera AR, L.P.	\$5,300,000
San Vicente Townhomes	City of Soledad County of Monterey	50	Multifamily Housing Project	San Vicente Soledad AR, L.P.	\$5,800,000
Harmony Court Apartments	City of Bakersfield County of Kern	96	Multifamily Housing Project	Harmony Bakersfield AR, L.P.	\$6,500,000
Summerhill Family Apartments	City of Bakersfield County of Kern	128	Multifamily Housing Project	Summerhill Bakersfield AR, L.P.	\$10,700,000

- (1) On March 18, 2015, the Authority adopted Resolution No. 2015-05 indicating its intent to issue multifamily housing revenue bonds for four projects, including revenue bonds for the Las Palmas II project in the not-to-exceed amount of \$3,700,000. The Las Palmas II bonds were not issued in 2015, and the Borrower, Las Palmas Coachella AR, L.P., has requested that the Authority issue bonds for the Las Palmas II project in 2016.

RESOLUTION NO. 2016-06

**A RESOLUTION OF THE GOLDEN STATE FINANCE
AUTHORITY SETTING FORTH THE AUTHORITY'S
OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING
REVENUE BONDS TO UNDERTAKE THE FINANCING
OF VARIOUS MULTIFAMILY RENTAL HOUSING
PROJECTS AND RELATED ACTIONS**

WHEREAS, the Golden State Finance Authority (referred to herein as the "**Authority**") is authorized and empowered by the Title 1, Division 7, Chapter 5 of the California Government Code to issue multifamily housing revenue bonds pursuant to Part 5 (commencing with Section 52030) of the California Health and Safety Code (the "**Act**"), for the purpose of financing multifamily and senior rental housing projects; and

WHEREAS, Section 7.g of the Authority's Amended and Restated Joint Exercise of Powers Agreement, dated as of May 5, 2015, as the same may be amended (the "**Agreement**") provides that the Governing Board of the Authority (the "**Board**") has the authority, by resolution, to delegate any of its functions to one or more Delegates (as defined in the Agreement), and to cause any such authorized Delegates to take any actions and execute documents for and in the name and on behalf of the Board or the Authority;

WHEREAS, the Authority adopted Amended and Restated Resolution No. 2015-04 on August 19, 2015, authorizing the delegation of certain authority to review and approve matters relating to the financing of multifamily project applications on behalf of the Authority, including the making of loans and grants by the Authority, the issuance of conduit revenue bonds by the Authority and the execution of all documents relating to such financing on behalf of the Authority to the Authority's Multi-Family Review and Approval Action Team (the "**Team**");

WHEREAS, the borrowers identified in **Exhibit A** hereto and/or related entities (collectively, the "**Borrowers**") have requested that the Authority issue and sell multifamily housing revenue bonds (the "**Bonds**") pursuant to the Act for the purpose of financing the acquisition and rehabilitation of certain multifamily rental housing developments identified in **Exhibit A** hereto (collectively, the "**Projects**"); and

WHEREAS, the Authority, in the course of assisting the Borrowers in financing the Projects, expects that the Borrowers have paid or may pay certain expenditures (the "**Reimbursement Expenditures**") in connection with the Projects within 60 days prior to the adoption of this Resolution and prior to the issuance of the Bonds for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Projects (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in an aggregate principal amount not to exceed the amount with respect to each Project set forth in **Exhibit A**; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing revenue bonds that may be issued on behalf of for-profit borrowers in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (the "**Committee**") for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such application;

NOW, THEREFORE, BE IT RESOLVED by the members of the Team, in the name of and on behalf of the Board and the Authority as follows:

1. The above recitals, and each of them, are true and correct.
2. The Authority hereby determines that it is necessary and desirable to provide financing for the Projects (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of Bonds pursuant to the Act, as shall be authorized by resolution of the Authority at a meeting to be held for such purpose, in aggregate principal amounts not to exceed the amounts set forth in **Exhibit A**. This action is taken expressly for the purpose of inducing the Borrowers to undertake the Projects, and nothing contained herein shall be construed to signify that the Projects comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any program participant, officer or agent of the Authority will grant any such approval, consent or permit that may be required in connection with the acquisition and rehabilitation of the Projects, or that the Authority will make any expenditures, incur any indebtedness, or proceed with the financing of the Projects.
3. This resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures.
4. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to the Committee for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in **Exhibit A**, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees,

the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

PASSED, APPROVED AND ADOPTED by the Golden State Finance Authority this May 11, 2016.

The undersigned, an Authorized Signatory of the Golden State Finance Authority, DOES HEREBY CERTIFY that the foregoing resolution was duly adopted by the Multi-Family Review and Approval Action Team of the Authority at a duly called meeting of the Multi-Family Review and Approval Action Team of the Authority held in accordance with law on May 11, 2016.

By: _____
GSFA Vice Chair

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