



Agenda

DEBT AFFORDABILITY ADVISORY COMMITTEE

June 17, 2013
2:00 P.M.

651 Pine Street, 11th Floor, Martinez

Robert Campbell, Auditor-Controller
Lisa Driscoll, County Finance Director
Catherine Kutsuris, Department of Conservation & Development Director
Russell Watts, Treasurer-Tax Collector

Agenda Items:

Items may be taken out of order based on the business of the day and preference of the Committee

1. Public Comment
2. Remarketing/Reissuance of Contra Costa County Multifamily Mortgage Bonds Series 2006A, 2006A-T, and 2008 (Pleasant Hill BART Transit Village Apartments, also known as Avalon Walnut Creek at Contra Costa Centre)
3. Other Business
4. Next Meeting – Fall 2013

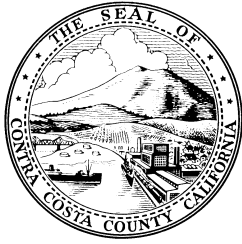
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📁 *Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Committee less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, 10th floor, during normal business hours.*

✉ *Public comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.*

For Additional Information Contact:

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To: Members of the Debt Affordability Advisory Committee

- Robert Campbell, County Auditor-Controller
- Russell Watts, County Treasurer-Tax Collector
- Catherine Kutsuris, Director, Department of Conservation and Development
- Lisa Driscoll, County Finance Director

From: Kristen Lackey, Community Development Bond Program Manager

Date: June 13, 2013

Subject: Remarketing/Reissuance of Contra Costa County Multifamily Mortgage Revenue Bonds Series 2006A, 2006A-T, and 2008 (Pleasant Hill BART Transit Village Apartments, also known as Avalon Walnut Creek at Contra Costa Centre)

BACKGROUND:

In March of 2006, the County issued \$116 million in tax-exempt variable rate bonds (Series 2006A) and \$9 million taxable variable rate bonds (2006A-T) to fund the construction of the Pleasant Hill BART Transit Village Apartments (now known as Avalon Walnut Creek at Contra Costa Centre). In July of 2008, the County remarketed the 2006A and 2006A-T bonds and issued an additional \$10 million in tax-exempt variable rate bonds (Series 2008A). The 2006A, 2006A-T and 2008A bonds (together, the "Prior Bonds") mature in 2046 and are supported by a letter of credit from Bank of America, N.A. which expires on July 31, 2013. The interest rate on the Prior Bonds resets weekly. The Developer, AvalonBay, seeks to remarket the existing bonds as variable rate index bonds (the "Bonds"), privately placed with banks led by SunTrust. The SunTrust commitment is for five years. The Bonds will be outstanding in the aggregate amount of \$134.5 million. The remarketing of the Bonds will be a "reissuance" or refunding of the Bonds for federal tax purposes.

DEBT POLICY COMPLIANCE:

There is no direct legal liability to the County in connection with the issuance of Multifamily Mortgage Revenue Bonds; there is no pledge of the County's faith, credit or taxing power and the bonds do not constitute general obligations of the issuer because the security for repayment of bonds is limited to project revenue and other sources specified under each financing. The program is completely self-supporting;

developers must secure funding to pay for costs of issuance of the bonds and all other costs under each financing.

In accordance with the County's debt policy, the Bonds will meet the following conditions, which apply to refunding Multifamily Mortgage Revenue Bonds:

- (1) The Project Sponsor agrees to cover all costs of the issuer.
- (2) At least 20% of the units will be affordable to persons earning 50% of the median area income with the rents affordable at the same level.
- (3) The affordability restrictions of the existing bond regulatory agreement are subject to extension and/or additional restrictions. The existing term of 55 years will remain the same.

In accordance with the County's debt policy, the Bonds will meet the following conditions, which apply to refunding multifamily mortgage revenue bonds:

- (1) The bonds will be privately placed with "qualified institutional buyers" under Rule 144A of the Securities Act of 1933, or "accredited investors," as generally defined under Regulation D of the Securities Act of 1933.
- (2) The bonds will be sold in minimum \$500,000 denominations.
- (3) All initial and subsequent purchasers must be willing to sign a sophisticated investor letter in a form approved by the County. While the bonds remain unrated, their transferability will be restricted to qualified institutional buyers or accredited investors who sign an Investor Letter.
- (4) The County may limit the number of investors.
- (5) The owner must indemnify the County against any costs incurred by the County, including any lawsuit initiated by the bondholder or any other party, regardless of whether the developer is negligent, and if requested by the County, post a surety bond guaranteeing the same.

FISCAL IMPACT:

The remarketed/reissued bonds will match or reduce the existing debt term—there will be no extension of the term of the debt. The refinancing is being proposed solely to address the upcoming expiration of the letter of credit.

ACTION ITEMS:

- Review refunding of Contra Costa County Multifamily Mortgage Revenue Bonds Series 2006A, 2006A-T, and 2008A (Avalon Walnut Creek at Contra Costa Centre) for compliance with County Debt Policies.

cc: *Tim Ewell, Senior Deputy County Administrator*