



Stanislaus Regional Housing Authority

ALPINE | AMADOR | CALAVERAS | INYO | MARIPOSA
MONO | STANISLAUS | TUOLUMNE COUNTIES

REPLACED WITH ANOTHER STAFF REPORT THAT INCLUDES THIS ACTION ITEM.

DATE: ~~_____~~ May 14, 2020

TO: ~~_____~~ Board of Commissioners

FROM: ~~_____~~ Barbara S. Kauss, Executive Director

Subject: ~~_____~~ **ACTION ITEM # 34** ~~A Resolution of the Housing Authority of the County of Stanislaus making determinations with respect to the financing of the acquisition and rehabilitation of 1612 Sisk Road in the City of Modesto, declaring its intent to reimburse certain expenditures from proceeds of indebtedness, and authorizing related actions.~~

~~Resolution No. 19-20-18 is for the purpose of declaring the Authority's intent to reimburse certain costs and expenditures from the proceeds of the indebtedness that have been advanced by the Housing Authority for the purpose of the acquiring the subject property through a tax-exempt bank loan.~~

RECOMMENDATION

~~Following review and discussion, staff recommends approval of the proposed inducement resolution.~~

BACKGROUND

~~The Housing Authority County of Stanislaus (Housing Authority) is in the process of finalizing the HUD and bank final approvals for the purchase of the subject property. This Resolution permits the authority to reimburse certain expenditures incurred before the issuance of debt (private placement loan) under U.S. Treasury rules. certain items of cost incurred prior to the tax exempt loan being issued in this transaction. This means that these costs and expenditures can be reimbursed from the proceeds of the loan amount issued by the bank. There is no requirement that the Authority must include these costs and expenditures in the loan amount, it just gives the Authority the right, under Treasury rules, to be reimbursed from the loan proceeds if the Authority decides to include some or all of these items as part of the bank loan.~~

FISCAL IMPACT

~~None~~

ATTACHMENTS

~~1. Resolution~~



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DATE: May 14, 2020

TO: Board of Commissioners

FROM: Barbara S. Kauss, Executive Director

Subject: **ACTION ITEM # 4,5,6, and 8** – These are a collection of resolutions for consideration and approval relating to the acquisition and closing of escrow for the property located at 1612 Sisk Road in Modesto, California.

Resolution No. 19-20-18 is for the purpose of declaring the Authority's intent to reimburse certain costs and expenditures from the proceeds of the indebtedness that have been advanced by the Housing Authority for the purpose of the acquiring the subject property through a tax-exempt bank loan.

RECOMMENDATION

Following review and discussion, staff recommends approval of the proposed inducement resolution.

BACKGROUND

Resolution No 19-20-18. This Resolution permits the authority to reimburse certain expenditures incurred before the issuance of debt (private placement loan) under U.S. Treasury rules. Certain items of cost incurred prior to the tax-exempt loan being issued in this transaction are reimbursable. This means that these costs and expenditures can be reimbursed from the proceeds of the loan amount issued by the bank. There is no requirement that the Authority must include these costs and expenditures in the loan amount, it just gives the Authority the right, under Treasury rules, to be reimbursed from the bank loan.

Resolution 19-20-19. This resolution is authorizing the Housing Authority to take action to condominiumize the subject property into multiple condominium parcels to facilitate the recording of a HUD Declaration of Trust/Restrictive Covenant on the Public Housing Asset portion of the property (42%) for the public housing office without having those restrictions on the rest of the property. It also authorizes the Executive Director to negotiate the terms and conditions of the Declaration of Trust/Restrictive Covenant and execute said final document on behalf of the Housing Authority

Resolution No 19-20-20. This resolution is authorizing a Section 30 application and request for approval by HUD to treat this transaction as a Section 30 of the U. S. Housing Act of 1937 PHA Mortgaged Transaction. With this approval HUD will be able to place a Declaration of



Trust/Restrictive Covenant on the public housing portion of the property (42%) only. It will also allow F & M Bank to securitize the entire property in the first position with its loan to the Housing Authority.

~~Resolution No 19-20-21.~~ (removed by CEO/Executive Director)

Resolution 19-20-22. This resolution approves the F & M Bank loan for the acquisition and rehabilitation of the non-public housing portion of the property and authorizes the Executive Director to sign all necessary documents and take all necessary actions to acquire the property and close the escrow. It also authorized the Executive Director and Board Secretary to sign all necessary document and take all necessary action to complete the rehabilitation of the 150 units of work force housing using the bank loan proceeds. The current projected income and expense proforma indicates that the property's net operations income, after stabilization, will cover the debt service on the loan and offer additional cash flow to the Authority.

FISCAL IMPACT

Resolution 19-20-22: New Bank loan not to exceed \$13,275,000.00

ATTACHMENTS

1. Resolutions



Stanislaus Regional Housing Authority

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RESOLUTION NO. 19-20-18

A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS MAKING DETERMINATIONS WITH RESPECT TO THE FINANCING OF THE ACQUISITION AND REHABILITATION OF 1612 SISK ROAD IN THE CITY OF MODESTO, DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS, AND AUTHORIZING RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Stanislaus (the "Authority"), pursuant to Articles 1 through 5 of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, is authorized to issue revenue obligations to finance the acquisition, construction and/or rehabilitation and development of multifamily projects for persons and families of low and very low income residing within the jurisdiction of the Agency; and

WHEREAS, the Authority has determined to proceed with financing the acquisition and rehabilitation of a hotel property located at 1612 Sisk Road, Modesto, California and convert a portion of such property into multifamily housing units (the "Project"); and

WHEREAS, the Authority expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this Resolution, the Authority reasonably expects that it will issue debt obligations in the form of revenue bonds or a loan agreement with a lending institution, in the amount of approximately \$13,250,000 (the "Indebtedness"), a portion of the proceeds of which Indebtedness will be used to reimburse the Authority for its prior expenditures for the Project; and

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

WHEREAS, the Authority now desires to so declare its intent to borrow the proceeds of the Indebtedness, subject to the conditions described below, and to authorize certain actions related thereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of Stanislaus as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.



Section 2. The Authority hereby declares its official intent to borrow, at one time or from time to time, an aggregate of up to \$13,275,000 principal amount for the purpose of financing or refinancing the acquisition and rehabilitation of the Project by the Authority; including for the purpose of reimbursing to the Authority costs incurred for the Project prior to the issuance of the Indebtedness.

Section 3. The Indebtedness will be payable solely from the revenues of the Project and other authorized revenues pursuant to a loan agreement or other agreements to be entered into by the Authority and a lending institution or issuer of bonds in connection with the financing of the Project.

Section 4. The Indebtedness is subject to the following conditions: (a) the Authority shall have first agreed to mutually acceptable terms for the sale and delivery of the bonds or a loan agreement under acceptable terms and conditions of a bond indenture, loan agreement, or other related documents for the financing of the Project; (b) all requisite governmental approvals shall have first been obtained; and (c) a resolution approving the financing documents to which the Authority will be a party shall have been adopted by the Board of Commissioners of the Authority.

Section 5. It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 6. This Resolution shall take effect immediately upon its passage.

DULY AND REGULARLY ADOPTED by the Board of Commissioners of the Housing Authority of the County of Stanislaus this 14th day of May, 2020.

On motion of Commissioner _____, seconded by Commissioner _____ and on the following roll call vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Attest: _____
Secretary

Approved: _____
Chairperson