



AGENDA MEMORANDUM

Action Item for the City Council Meeting October 19, 2021

DATE: October 6, 2021

TO: Peter Zanoni, City Manager

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Annual Board Meeting of the Corpus Christi Housing Finance Corporation

CAPTION:

Annual Board Meeting of the Corpus Christi Housing Finance Corporation to elect officers, consider a resolution amending and reaffirming the Corpus Christi Housing Finance Corporation's Investment Policy and Investment Strategy, consider a resolution increasing the bond issuance fee and consider an inducement resolution for \$15,000,000 in Multifamily Revenue Bonds for a new 144 unit affordable housing multi-family development at Greenwood Drive and Golihar Road.

SUMMARY:

The purpose is to hold the Annual Board Meeting of the Corpus Christi Housing Finance Corporation and to elect officers, approve a resolution amending and reaffirming the Corpus Christi Housing Finance Corporation's Investment Policy and Investment Strategy and consider matters pertaining to the issuance of multifamily housing revenue bonds.

BACKGROUND AND FINDINGS:

Election of Officers

After each City Council election and the appointment of new board members, the CCHFC must elect new officers which are: President, Vice President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, General Manager and Assistant General Manager. Typically, the President and Vice President have been elected from the Board and those positions were filled in the last election by Rudy Garza, as President, and Michael T. Hunter, as Vice President.

The Bylaws provide that all officers do not have to be Board members, and the remaining positions have been held by the persons on City staff holding the functional equivalent positions. The recommendation for these positions is as follows:

General Manager
Assistant General Manager
Secretary
Assistant Secretary
Treasurer
Assistant Treasurer

Peter Zanoni
Andrea Gardner
Rebecca Huerta
Ruth Bocchino
Heather Hurlbert
Judy Villalon

Investment Policy

The Board annually must review, amend as necessary and reaffirm its the Investment Policy and Investment Strategy. The resolution provided addresses the requirement for the Board to review, amend and reaffirm the Investment Policy and Investment Strategy.

Bond Issuance Fees

The CCHFC originally was organized in 1979 for the purpose of issuing single family revenue bonds when double-digit interest rates for home mortgages made it difficult for first-time homebuyers. It successfully completed three bond issues in 1980, 1982 and 1985 that provided for the origination of over 2,000 home mortgages for first-time home buyers. The CCHFC also issued multifamily housing revenue bonds to finance five apartment projects in the 1980's as well. When conditions changed in the bond markets, the CCHFC ceased issuing bonds and refocused its efforts in originating mortgage credit certificates which assisted over 3,000 first-time homebuyers during the period from 1987 through 2009 when that program concluded.

The CCHFC has not addressed the matter of fees charged for the issuance of multi-family housing revenue bonds since the 1980's. It last issued multi-family housing revenue bonds in 2005 in connection with the Costa Tarragona I Apartments in which the CCHFC owns the land and participated as a co-developer and partner in the project. Historically, its issuance fees have been in the range of one-half of one percent (0.50%) of the bond amount. By comparison, issuers in San Antonio now receive one percent (1.0%) as issuance fees.

The attached Resolution adjusts the fee schedule for multifamily housing revenue bonds to be one percent (1.0%) of the bonds issued.

Inducement Resolution

G3J Creative LLC, a single asset entity, is interested in developing an affordable housing project in Corpus Christi. The project will use 4% tax credits and multifamily housing revenue bonds.

In order to include their preliminary costs and land acquisition in a possible future issuance of revenue bonds, they are requesting the adoption of a preliminary resolution known as an "inducement resolution" by the CCHFC. The CCHFC has no legal obligation to issue any bonds at any time in the future, and any issuance of bonds will be subject to review and approval at a future meeting of the Board. The inducement resolution solely is for the purpose of allowing inclusion of the preliminary expenses incurred in the event that bonds are issued at some point in the future.

Any revenue bonds issued by the CCHFC solely are payable from the loan payments received from a particular development project. They are not a general obligation of the CCHFC, and neither the City of Corpus Christi nor its credit are involved. The CCHFC has no taxing power.

ALTERNATIVES:

The CCHFC may select those persons it chooses to be officers, it may amend the Investment Policy, it can implement such bond issuance fees as it desires, and it can elect not to adopt the proposed inducement resolution.

FISCAL IMPACT:

There is no current year Fiscal impact for this item.

Funding Detail:

Fund: NA

Organization/Activity: NA

Mission Element: NA

Project # (CIP Only): NA

Account: NA

RECOMMENDATION:

Staff recommends the adoption of the resolutions for the amending and reaffirming of the Investment Policy and Investment Strategy, the increase in fees and the inducement for multifamily revenue bonds.

LIST OF SUPPORTING DOCUMENTS:

Agenda for CCHFC Board Meeting

Unapproved October 27, 2020, Board Meeting Minutes

Treasurer's Report

Resolution Adopting Investment Policy and Investment Strategy

Exhibit A 2021-2022 CCHFC Investment Policy

2021-2022 CCHFC Investment Policy Redline

Resolution Amending Fee Schedule for Multifamily Housing Revenue Bonds

Resolution with Respect to the Issuance of Bonds to Finance activities for G3J Creative LLC

CCHFC Bond Transaction Guide

Green Wood Manor Project Overview and Map PowerPoint