

**REGULAR MEETING AGENDA
ORANGE COUNTY HOUSING FINANCE TRUST**

WEDNESDAY, MARCH 18, 2020, 10:00 A.M.

HALL OF ADMINISTRATION
COMMISSION ROOM, FIRST FLOOR
333 W. Santa Ana Blvd.
Santa Ana, California

JOHN MARK JENNINGS
Chair

ANDREW DO
Vice Chair

DON BARNES
Director

DOUG CHAFFEE
Director

DAVID PENALOZA
Director

JAMEY FEDERICO
Director

SHARI FREIDENRICH
Director

ED SACHS
Director

STEPHEN FAESSEL
Director

Trust Manger
Adam Eliason

Trust Counsel
Jacqueline Guzman

Clerk of the Trust
Robin Stieler

This agenda contains a brief general description of each item to be considered. The Orange County Housing Finance Trust encourages public participation. If you wish to speak during public comment, please complete a Speaker Request Form and deposit it in the Speaker Form Return box located next to the Clerk. Speaker Forms are located on the table next to the entrance doors. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda. When addressing the Orange County Housing Finance Trust, please state your name for the record prior to providing your comments.

****In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Clerk of the Board's Office 72 hours prior to the meeting at (714) 834-2206****

*All supporting documentation is available for public review online at:
www.OCHFT.org and in the office of the Clerk of the Board of Supervisors located in the
Hall of Administration Building, 333 W. Santa Ana Blvd., 10 Civic Center Plaza, Room 465,
Santa Ana, California 92701 during regular business hours,
8:00 a.m. - 5:00 p.m., Monday through Friday.*

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

DISCUSSION ITEM (Items 1-7):

At this time, members of the public may ask the Board to be heard on the following items as those items are called.

1. Approve Orange County Housing Finance Trust minutes from the January 15, 2020 Regular Meeting.
2. Receive and file Oral Report on State Funding Advocacy Update by Platinum Advisors.
3. Approve Trust Strategic Plan Components and Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis.
4. Approve County grant agreement between the County of Orange and the Orange County Housing Finance Trust for \$25.5 million for the development of affordable and supportive housing over the next five years and grant agreement for \$1 million for the provision of administrative costs over the next five years; authorize the Trust Manager to execute agreements; and authorize staff to amend agreement under certain conditions.
5. Approve draft summary of County administrative services recommended for the Trust to be included in a Memorandum of Understanding (MOU) with the County; and direct staff to return to the Board in May for approval of final MOU.
6. Receive and file Alternative Trust Member Allocation Formula for Administrative Costs.
7. Amend the proposed amendments to the Orange County Housing Finance Trust Conflict of Interest Code; and authorize staff to make amendments under certain conditions.

HOUSING TRUST MANAGER REPORT (Item 8):

8. Oral Report from the Housing Trust Manager
 - a. Notice of Funding Availability (NOFA) update
 - b. League of Women Voters Observer Report from January Board Meeting

PUBLIC & TRUST COMMENTS:

At this time members of the public may address the Trust on any matter not on the agenda but within the jurisdiction of the Trust. The Trust or Chair may limit the length of time each individual may have to address the Trust.

PUBLIC COMMENTS

DIRECTOR COMMENTS

ADJOURNED:

NEXT MEETINGS: May 20, 2020 at 10:00 a.m.

Agenda Item #1

Approve OCHFT minutes from
January 15, 2020 Regular
Meeting

**REGULAR MEETING SUMMARY ACTION MINUTES
ORANGE COUNTY HOUSING FINANCE TRUST**

WEDNESDAY, JANUARY 15, 2020, 10:00 A.M.

JOHN MARK JENNINGS
Chair

ANDREW DO
Vice Chair

DON BARNES
Director

DOUG CHAFFEE
Director

DAVID PENALOZA
Director

JAMEY FEDERICO
Director

SHARI FREIDENRICH
Director

ED SACHS
Director

STEPHEN FAESSEL
Director

Trust Manger
Adam Eliason

Trust Counsel
Jacqueline Guzman

Clerk of the Trust
Robin Stieler

ATTENDANCE: Directors Chaffee, Jennings, Barnes, Penaloza, Federico, Freidenrich, Faessel and Sachs

ABSENT: Director Do

PRESENT: Trust Manager
Trust Counsel
Clerk of the Trust

Adam Eliason
Jacqueline Guzman
Robin Stieler

CALL TO ORDER

CHAIR JENNINGS CALLED THE MEETING TO ORDER AT 10:03 A.M.

PLEDGE OF ALLEGIANCE

DIRECTOR SACHS LED THE PLEDGE OF ALLEGIANCE

ROLL CALL

THE CLERK CALLED THE ROLL AND CONFIRMED QUORUM

DISCUSSION ITEMS (Items 1-6):

1. Approve Orange County Housing Finance Trust minutes from the October 29, 2019 Regular meeting.
ON THE MOTION OF DIRECTOR FAESSEL, SECONDED BY DIRECTOR FEDERICO, BY A VOTE OF 8 TO 0, WITH VICE CHAIR DO BEING ABSENT, APPROVED THE ORANGE COUNTY HOUSING FINANCE TRUST MINUTES FROM THE OCTOBER 29, 2019 REGULAR MEETING

2. Approve Orange County Housing Finance Trust minutes from the December 19, 2019 Special Meeting.
ON THE MOTION OF DIRECTOR BARNES, SECONDED BY CHAIR JENNINGS, BY A VOTE OF 8 TO 0, WITH VICE CHAIR DO BEING ABSENT, AND DIRECTORS FEDERICO AND FREIDENRICH ABSTAINING, APPROVED THE ORANGE COUNTY HOUSING FINANCE TRUST MINUTES FROM THE DECEMBER 19, 2019 REGULAR MEETING

3. Approve Trust Strategic Plan Outline; and designate the Funding Strategy Ad Hoc Committee to work with Staff to draft the Strategic Plan.
ON THE MOTION OF CHAIR JENNINGS, SECONDED BY DIRECTOR FREIDENRICH, BY A VOTE OF 8 TO 0, WITH VICE CHAIR DO BEING ABSENT, UNANIMOUSLY APPROVED ITEM AS RECOMMENDED; DIRECTED TO ADD TO THE STRATEGIC PLAN OUTLINE:
 - **#5 – ADD MEMORANDUM OF UNDERSTANDINGS WITH THE COUNTY AND OTHERS**
 - **#6 (d) (i) – ADD “COMMUNICATIONS”**
 - **#6 (g) (i) – ADD “INDIVIDUALS” AND “CITY” COMMISSIONS TO THE COORDINATING EFFORTS**
 - **#7 (d) – ADD CALIFORNIA STATE ASSOCIATION OF COUNTIES (CSAC) TO THE LIST OF KEY STRATEGIC PARTNERS**

SUBSTITUTE MOTION BY DIRECTOR PENALOZA TO APPROVE THE TRUST STRATEGIC PLAN OUTLINE AND DENY THE EXPANDED ROLE OF THE FUNDING STRATEGY AD HOC COMMITTEE WAS WITHDRAWN

4. Approve proposed Trust Administrative Expense Allocation Formula Policy and Procedures.
ON THE MOTION OF CHAIR JENNINGS, SECONDED BY DIRECTOR FEDERICO, BY A VOTE OF 6 TO 2, WITH VICE CHAIR DO BEING ABSENT AND DIRECTORS SACHS AND BARNES VOTING NO, APPROVED ITEM AS RECOMMENDED; DIRECTED STAFF TO PROVIDE CLARIFICATION OF THE TRUST BYLAWS REGARDING PAYMENT TERMS (I.E., WHEN PAYMENTS ARE DUE, PENALTIES IMPOSED FOR NON-PAYMENT, ETC.), REVIEW THE ORANGE COUNTY COUNCIL OF GOVERNMENT’S MEMBERSHIP FORMULA WITH RESPECT TO FUTURE FUNDING STRATEGIES; AND UPDATE THE “ADMINISTRATIVE EXPENSE ALLOCATION FORMULA POLICY AND PROCEDURES” TO CLARIFY ADMINISTRATIVE EXPENSES AND GRANT DEDUCTIONS; AND TO RETURN TO THE BOARD IN MARCH, 2020

5. Direct Trust Staff to utilize Platinum Advisors as primary with Best, Best and Krieger (BB&K) as subconsultant for the purpose of securing state funding for the Trust.
ON THE MOTION OF DIRECTOR CHAFFEE, SECONDED BY DIRECTOR BARNES, BY A VOTE OF 8 TO 0, WITH VICE CHAIR DO BEING ABSENT, UNANIMOUSLY APPROVED ITEM AS RECOMMENDED; CONTRACT TO BE ISSUED AND PAID AT THE EXPENSE OF THE COUNTY GIVEN THAT THE COUNTY IS PROVIDING ADMINISTRATIVE SERVICES TO THE TRUST ENDING 6/30/20; AND REQUESTED SYRUS DEVERS FROM BEST, BEST AND KRIEGER PROVIDE A STATEMENT THAT HE HAS NO CONFLICT OF INTEREST REPRESENTING THE TRUST

6. Approve 2020 Permanent Supportive Housing Notice of Funding Availability (NOFA); and authorize issuance of NOFA on January 24, 2020.

ON THE MOTION OF CHAIR JENNGS, SECONDED BY DIRECTOR FAESSEL, BY A VOTE OF 7 TO 1, WITH VICE CHAIR DO BEING ABSENT AND DIRECTOR CHAFFEE VOTING NO, APPROVED AS AMENDED THE 2020 TRUST NOFA POLICY GUIDELINES (ATTACHMENT A) AS FOLLOWS:

- **AMENDED #2 TO READ “ALL TRUST FUNDING SHALL HAVE A PREFERENCE FOR PERMANENT SUPPORTIVE HOUSING (PSH)”**
- **AMENDED #6 TO READ “ALL UNITS MUST HAVE PROJECT-BASED RENTAL ASSISTANCE (E.G. PROJECT-BASED VOUCHERS) OR CAPITALIZED OPERATING SUBSIDY RESERVE**
- **AMENDED #11 THE MAXIMUM TRUST INVESTMENT FROM \$1,000,000/DEVELOPMENT TO \$2,500,000/DEVELOPMENT**
- **AMENDED #11 FROM “2 BEDROOM” TO “2 BEDROOM OR LARGER”**

HOUSING TRUST MANAGER REPORT (Item 7)

7. Oral Report from the Housing Trust Manager
- **COORDINATING A PUBLIC CEREMONY FOR THE TRUST RECEIPT OF \$1 MILLION FROM THE STATE; WILL SEND INVITATION TO BOARD MEMBERS TO JOIN THE CELEBRATION AND ANNOUNCEMENT**
 - **WILL BE JOINING THE ASSOCIATION OF CALIFORNIA CITIES – ORANGE COUNTY IN SACRAMENTO ON JANUARY 27-28, 2020 TO MEET WITH LEGISLATORS AND STATE DEPARTMENTS TO DISCUSS CRITICAL ISSUES AFFECTING ORANGE COUNTY, INCLUDING HOMELESSNESS, PROMOTING THE EFFORTS OF THE TRUST AND SEEKING THE SUPPORT FOR ADDITIONAL FUNDING**
 - **PROVIDED AN UPDATE AT THE HOUSING COMMITTEE OF THE SENIOR CITIZENS ADVISORY COUNCIL MEETING ON JANUARY 9, 2020**
 - **SCHEDULED TO SPEAK AT THE ASSOCIATION OF CALIFORNIA CITIES – ORANGE COUNTY EVENT ON FEBRUARY 20, 2020 AT ANAHEIM STADIUM AND AT THE SOUTH ORANGE COUNTY ASSOCIATION OF MAYORS MEETING ON JANUARY 30, 2020 TO PROVIDE AN UPDATE ON THE TRUST**

PUBLIC & TRUST COMMENTS:

PUBLIC COMMENTS

Thomas Fielder – Oral Re: Trust moving forward in obtaining funding from the State for the Trust Strategic Plan; encouraged the Trust to identify within the Strategic Plan how funds are to be spent to minimize cost per unit for construction of low income, very low income and Permanent Supportive Housing; Fairview Developmental Center meets the requirements of the Mental Health Services Act Funding Term Sheet; encouraged the Trust to utilize the Fairview Developmental Center for housing and mental health services of the homeless population

DIRECTOR COMMENTS

Director Freidenrich – Oral re: Requested staff prepare social media regarding the public ceremony celebration for the Trust receipt of \$1 million and suggested posting on Trust Member City websites, Facebook and Twitter

Director Chaffee – Oral Re: Asked if staff has reached out to the Orange County Housing Trust or its Executive Director regarding the criteria used for disbursement of monies and it compares to the Orange County Housing Trust

ADJOURNED: 11:31 P.M.

NEXT MEETINGS: March 18, 2020, 10:00 A.M.

JOHN MARK JENNINGS
Chair, Orange County Housing Finance Trust

ROBIN STIELER
Clerk of the Orange County Housing Finance Trust

Agenda Item #2

Receive & File Oral Report on
State Funding Advocacy Update
By Platinum Advisors

REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION

MEETING DATE: March 18, 2020

SUBJECT: Receive and file Oral Update Report on State Funding Advocacy by Platinum Advisors



Adam B. Eliason, Manager

RECOMMENDED ACTION:

RECEIVE AND FILE FUNDING ADVOCACY UPDATE

BACKGROUND:

The Trust Board will receive an update on funding advocacy efforts from Platinum Advisors. Attachment A is a memo summarizing these efforts to date.

ATTACHMENT:

Attachment A – Memo from Platinum Advisors - OCHFT State Budget Request Progress

PLATINUM | ADVISORS

March 9, 2020

To: Adam Eliason
Orange County Housing Finance Trust

From: Darius Anderson
Nick Garcia
Syrus Devers

Subject: OCHFT State Budget Request Progress

Our recent efforts and visit by your team have proven to lay the necessary foundation we need to move forward with our State Budget request of \$35 million. We have worked to educate the Orange County legislative delegation on the Trust's issues and requests. As we have discussed, homelessness and housing are the top priorities identified by Governor Gavin Newsom and we have a unique opportunity to harness the momentum to get funding of the identified projects we have shared with the legislature.

Our current goals continue to drive our strategy:

- Share collateral material by legislative district with respective legislators and staff ahead of the official budget request.
- Identify "Orange County Champion" to lead the delegation-wide effort to seek funding in the Governor's May Budget Revise.
- Activate local elected officials and key partners to begin outreach to the OC delegation.
- Meet with leadership in both houses to establish the need for the Trust budget request.

Given the success of our meetings in Sacramento, we have received verbal commitments from each of the Orange County delegation members to sign onto a delegation-wide, non-partisan letter in support of the Trust budget request. The letter is currently in draft form and following targeted meetings this week with Orange County legislators, we anticipate it will begin circulation as soon as possible.

Given this progress, and in an effort to focus on the need of our funding issue, we recommend that we postpone your next Sacramento visit. As support for the request continues to increase, we will identify a date in early April for meetings with the California Legislature and Governor

Newsom's Administration. We will continue to track the temperature on the ground daily so that we have a clear understanding of what is needed to deliver on our strategy.

As always, we are available for further discussion when needed. If there is anything immediate, please contact Nick Garcia at 916-215-3621.

Thank you!


Agenda Item #3

Approve Trust Strategic Plan
Components and SWOT
Analysis

REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION

MEETING DATE: March 18, 2020

SUBJECT: Approve Trust Strategic Plan Components and Trust Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis.



Adam B. Eliason, Manager

RECOMMENDED ACTION:

1. APPROVE THE TRUST STRATEGIC PLAN COMPONENTS AND STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

BACKGROUND:

Staff have been conducting interviews with key stakeholders who participate in the effort to reduce homelessness in Orange County. Their feedback along with that of the Trust Funding Strategy Ad Hoc Committee has provided the basis and recommendation to the Board regarding the two attachments to this staff report.

Attachment A is the Trust Strategic Plan Components. Six draft strategic plan components have been identified based upon interviews and committee feedback which, when approved, will form the basis for the Trust 1, 3- and 5-year goals that will be included in the final strategic plan.

The draft of the Trust goals will be reviewed with the Funding Strategy Ad Hoc Committee in April. The final draft of the strategic plan will then be developed for review and approval at the May Board meeting.

Attachment B is an analysis of the Trust strengths, weaknesses, opportunities, and threats (SWOT). This document is the result of a facilitated discussion with the Trust Funding Strategy Ad Hoc Committee. A final version of Attachment B will also be included in the final strategic plan.

Staff recommends approval of this agenda item

ATTACHMENT:

Attachment A – Strategic Plan Components

Attachment B – SWOT Analysis



Strategic Plan Components

The first year of Trust Activities is July 1, 2019 to June 30, 2020: This strategic plan will report on progress toward the first year's activities and will project those for the next five years, July 1, 2020 to June 30, 2025.

The strategic plan will have 1, 3- and 5-year goals and objectives, and a year one implementation plan including specific tasks, updated each year.

Component 1: Aggressive Fundraising Strategy

Similar to its first-year activities, the Trust will continue to be aggressive in seeking additional funds for Orange County to achieve the goal of 5,400 affordable and supportive housing units by 2025 (2,700 affordable and 2,700 supportive units).

- Seek public funds from existing and new State and Federal programs
- Explore and create an effective means to receive private donations
- Collaborate with the private OC Housing Trust
- Identify and invite appropriate foundations to provide funding
- Explore potential co-lenders to further leverage Trust funds.
- Identify philanthropic opportunities; explore appropriate role for their participation (i.e. donations, legacy gift, project naming opportunity)
- Explore opportunities for generating administrative income for the Trust.
- Year 1, 3 and 5 fundraising goals (cumulative \$)
- Year 1 implementation plan

Component 2: Deploy Trust Funds for Affordable Housing & Supportive Housing Projects

- Issue NOFAs, select and convene review panel to rate potential Trust projects.
- Work with Trust Board to make final project selections, ensuring appropriate distribution within county sub-regions (north, central and south).
- Issue commitment letters
- Develop Trust loan documents
- Develop checklist for project closing and wiring funds
- Year 1, 3- and 5-year project goals
- Year 1 Implementation Plan

Component 3: Perform Compliance Monitoring

- Geographically map Trust projects and monitor pipeline progress, demonstrating progress toward unit goals, and track continued demand to justify more project funding awards from the State.
- Provide progress updates at quarterly Trust Board meetings
- Develop compliance monitoring checklist and procedures, in accordance with various Trust loan documents.
- Prepare and submit annual report to Trust Board at July Board Meetings.
- Year 1, 3 and 5 project pipeline and completion goals
- Year 1 Implementation Plan

Component 4: Retain and Increase Trust City Membership

- Take appropriate actions to retain all present member cities in the Trust
- Keep both Trust member and non-member cities informed of progress and potential projects in their jurisdiction through:
 - Newsletters
 - Website, including geographic project mapping.
 - Presentations to ACC-OC, League of Cities, City Managers Association, housing conferences, city councils, and others
- Involve Trust Board members in non-member city outreach, as appropriate
- Year 1, 3- and 5-year membership goals
- Year 1 implementation plan

Component 5: Keep Administrative Costs Lean and Focused

- Use contract staff and county in-kind support in the near term.
- Add a part-time contract-based administrative assistant, when necessary and appropriate
- Engage sub-consultants with specific expertise, as needed
- When Trust funding and activities increase significantly, explore other staffing options which may be more cost-efficient
- Year 1, 3- and 5-year administrative cost goals
- Year 1 Implementation Plan.

Component 6: Participate in Affordable and Supportive Housing Advocacy Activities

- Identify and work with homelessness advocacy and stakeholder partners (e.g. United Way of OC, Commission to End Homelessness, Continuum of Care, Kennedy Commission, BeWellIOC, etc.)
- Support member cities where there is resistance to affordable and supportive housing.
- Coordinate with UCI to use their data and studies in furtherance of Trust projects.
- Issue press releases using local media sources to build support for new projects.
- Year 1, 3- and 5-year advocacy goals
- Year 1 implementation plan

Orange County | Housing Finance Trust

Strategic Plan

SWOT ANALYSIS

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none">• Strong regional collaborative entity with the County of Orange and 23 incorporated cities.• Strong and experienced developers.• Political will to address homelessness throughout the County.	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none">• Administrative cost from Member cities may be an issue for some.• Single outside funding source; State.• High cost of affordable and supportive housing.
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none">• Additional funding from the State.• Philanthropic donations.• Alternative housing at lower cost.	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none">• Political and taxpayer support may evaporate if significant results are not achieved within the next several years.• Long term financial sustainability of the Trust.

Agenda Item #4

Approve County grant
agreement with OCHFT for
\$25.5 million for development
& \$1 million administrative
costs

REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION

MEETING DATE: March 18, 2020

SUBJECT:

Approve County grant agreement between the County of Orange and the Orange County Housing Finance Trust and the grant agreement for the Provision of Administrative Costs



Adam B. Eliason, Manager

RECOMMENDED ACTION:

1. APPROVE THE GRANT AGREEMENT BETWEEN THE COUNTY OF ORANGE AND THE ORANGE COUNTY HOUSING FINANCE TRUST FOR \$25.5 MILLION FOR THE DEVELOPMENT OF AFFORDABLE AND SUPPORTIVE HOUSING OVER THE NEXT FIVE YEARS.
2. APPROVE THE GRANT AGREEMENT BETWEEN THE COUNTY OF ORANGE AND THE ORANGE COUNTY HOUSING FINANCE TRUST FOR \$1 MILLION FOR THE PROVISION OF ADMINISTRATIVE COSTS OVER THE NEXT FIVE YEARS.
3. AUTHORIZE TRUST MANAGER TO EXECUTE BOTH AGREEMENTS.
4. AUTHORIZE TRUST STAFF TO MAKE MINISTERIAL CHANGES TO BOTH AGREEMENTS BASED ON FURTHER FEEDBACK FROM COUNTY STAFF.

Grant Agreement Between the County of Orange and the Orange County Housing Finance Trust:

Attachment A is the Grant Agreement Between the County of Orange and the Orange County Housing Finance Trust which includes allocation to the Trust of \$20.5 million in Mental Health Services Act (MHSA) funding and \$5 million in County general funds for the development of affordable and supportive housing.

This funding will be used for the development of affordable and supportive housing over the next five years and thereby be the source of matching funds required for annual applications to the State Local Housing Trust Fund Program. The matching funds from the State will be a new

source of funding the Trust is bringing into Orange County and will be available for both affordable and/or supportive housing.

Attachment B is the Grant Agreement Between the County of Orange and the Orange County Housing Finance Trust for the Provision of Administrative Costs. The Trust will be applying for the State Local Housing Trust Fund Program (LHTF) in the amount of \$5 million. The LHTF Program provides matching funds to local and regional housing trust funds for a variety of uses including the creation or rehabilitation of affordable housing and supportive housing.

The draft LHTF guidelines establish rules regarding applicant eligibility, matching fund requirements, and terms, conditions, and procedures for applicants to submit applications to the State for grants from the LHTF. The applications for the LHTF grant program will be available in April 2020 and due in June 2020. Funding awards is anticipated in September 2020.

One of the guideline rules states that the Trust must have a legal binding commitment of ongoing revenues from one or more sources totaling a minimum of \$100,000 per year that is dedicated for a minimum of five years.

The Trust Board previously approved their own administrative cost allocation formula which specified that the County would contribute 4/9th of the Trust administrative costs. Attachment B is considered a legal binding agreement and commits the County to provide \$200,000 per year for a five-year period and thus exceeds the requirement of the LHTF Program.

The executed version of the attached Administrative Cost Agreement will be an attachment to the Trust application for LHTF funding. Attachment B is the Grant Agreement Between the County of Orange and the Orange County Housing Finance Trust for the Provision of Administrative Costs

Staff recommends approval of this agenda item

ATTACHMENT:

Attachment A – Grant Agreement Between the County of Orange and the OCHFT for \$25.5 million for the development of affordable and supportive housing

Attachment B – Grant Agreement Between the County of Orange and the OCHFT for \$1 million for the Provision of Administrative Costs

**GRANT AGREEMENT BETWEEN THE COUNTY OF ORANGE AND
THE ORANGE COUNTY HOUSING FINANCE TRUST**

This Grant Agreement (the “**Agreement**”) entered into as of _____, 2020 is made by and between the County of Orange, a political subdivision of the State of California (the “**County**”) and the Orange County Housing Finance Trust, a California joint powers public entity formed pursuant to California Government Code section 6500 *et. seq.* (the “**Trust**” or “**Grantee**”), with the County and Trust sometimes referred to as “**Party,**” or collectively as “**Parties.**”

WHEREAS, the Trust was created pursuant to California Government Code section 6539.5 for the purpose of: (1) funding the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income, as defined in Section 50093 of the Health and Safety Code, including, but not limited to, permanent supportive housing; and (2) receiving public and private financing and funds; and

WHEREAS, the County became a member of the Trust on March 12, 2019; and

WHEREAS, On June 25, 2019, the County Board of Supervisors appropriated \$5 million as part of the approved 2019-2020 Fiscal Year Budget; and

WHEREAS, on December 17, 2019 the Board of Supervisors amended the Mental Health Services Act (“**MHSA**”) Spending Plan for allocation of \$20.5 million to the Trust; and

WHEREAS, in seeking to receive public funds, the Trust anticipates applying for a grant under the state Local Housing Trust Fund Matching Grant Program (“**Program**”) established pursuant California Health & Safety Code section 50842 *et. seq.*; and

WHEREAS, the Program guidelines require that an applicant demonstrate ongoing revenues from a public or private source totaling a minimum of \$100,000 per year that is dedicated for a minimum of 5 years as local matching funds (“**Matching Funds**”) for Program grant eligibility; and

WHEREAS, pursuant to Program guidelines, the dedicated local Matching Funds must be in the form of a legally binding commitment that specifies the source(s) of the Matching Funds, the amount of the Matching Funds, and its source(s), the date upon which the funds will be deposited into the Trust’s account, and remedies for not depositing the Matching Funds on that date; and

WHEREAS, the County supports and is willing to fund the Trust’s efforts in securing a Program grant toward the development of affordable and permanent supportive housing in Orange County.

NOW, THEREFORE, the Parties mutually agree as follows:

1. COUNTY GRANTS. The County hereby grants the Trust the following Grant amounts (collectively, “**Grant Funds**”):

- a. \$5 million dollars from the County’s General Fund (“**General Fund Grant**”); and
 - b. \$20.5 million dollars from the County’s Mental Health Services Act Fund (“**MHSA Fund Grant**”).
2. DISBURSEMENT OF COUNTY GENERAL FUND GRANT. The County shall transfer the grant amount set forth in Section 1.a., above, to the Trust as follows:
 - a. No later than June 30, 2020: \$1 million dollars; and
 - b. On July 15, 2021, and annually, on July 15, until the total General Fund Grant amount is exhausted: \$1 million dollars.
3. DISBURSEMENT OF COUNTY MHSA FUND GRANT. The County shall transfer the grant amount set forth in Section 1.b., above, to the Trust as follows:
 - a. No later than June 30, 2020: \$4.5 million dollars; and
 - b. On July 15, 2021, and annually, on July 15, until the total MHSA Fund Grant, amount is exhausted: \$4 million dollars.
4. COUNTY BOARD OF SUPERVISOR PROJECT APPROVAL. The Trust shall submit proposed projects utilizing General Fund Grant monies and/or MHSA Fund Grant monies to the County Board of Supervisors for approval prior to approving and disbursing such funds for a project.
5. TERM OF GRANT AGREEMENT. The term of this Agreement begins on the date when fully executed by the parties, and terminates on July 31, 2025, or when all of the Parties’ obligations under this Agreement are fully satisfied, whichever occurs earlier.
6. TERMINATION. In addition to any other remedies or rights it may have by law, County has the right to immediately terminate this Agreement without penalty for cause or after 30 days’ written notice without cause, unless otherwise specified. Cause shall be defined as any material breach of contract, any misrepresentation or fraud on the part of the Grantee. Exercise by County of its right to terminate the Agreement shall relieve County of all further obligation. The Grantee shall return all unexpended and/or unencumbered Grant Funds remaining of the Grant amounts within 180 days of the date of termination of this Agreement under Paragraph 2 or within 30 days of date of termination under this Paragraph 6, Paragraphs 7, 8 and 13 shall survive the termination of this Agreement.
7. ELIGIBLE USES.
 - a. GENERAL FUND GRANT. The Grantee shall utilize the General Fund Grant amounts toward financing capital development loans for affordable and/or permanent supportive

housing. The Grantee may not use the Grant amounts to pay for overhead or administration of the Trust.

- b. **MHSA FUND GRANT:** The Grantee shall utilize the MHSA Fund Grant amounts toward financing capital development loans for permanent supportive housing, as specified under **Exhibit A**. The County, through OC Community Resources, shall provide an annual update to Exhibit A, as necessary, to reflect changes in the law, policy, or current lending practices. The Grantee may not use the Grant amounts to pay for overhead or administration of the Trust.
8. **GRANT INCOME.** Grantee shall utilize any Program Income derived from both the General Fund Grant and the MHSA Fund Grant in the same manner as outlined in Section 7.a. or 7.b., respectively. For purposes of this paragraph, “Program Income” means gross income that is directly generated from Grant Funds and may include, but is not limited to: any interest accrued on the original grant amounts on deposit with the Trust, any recapture of Grant Funds, or payments of principal and interest on loans made using Grant Funds to the Trust.
 9. **PERMITS, LICENSES, APPROVALS, AND LEGAL OBLIGATIONS.** The Grantee shall be responsible for requiring all Grant Funds subrecipients to obtain any and all permits, licenses, and approvals required for performing any work pursuant to the use of these funds, including those necessary to perform. The Grantee shall be responsible for observing and complying with any applicable federal, state, and local laws, rules or regulations affecting the source of both the Grant Funds. The Grantee shall provide copies of permits and approvals to the County upon request.
 10. **SUBMISSION OF REPORTS –MHSA Fund Grant.** The submittal and approval of all reports is a requirement for the successful completion of this Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to the County. All reports shall be submitted to the OC Community Resources. If requested, the Grantee shall promptly provide any additional information deemed necessary by the County for the approval of reports. Reports shall be presented in the formats described in the applicable portion of **Exhibit B** and shall separately identify the Grantee’s use of MHSA Grant funds.

1) **Progress Reports:** The Grantee shall submit progress reports on an annual basis no later than July 31 of each year. The progress reports shall be sent to Orange County Community Resources. The progress reports shall provide a brief description of the work performed during the reporting period including: the Grantee’s activities, milestones achieved, any accomplishments, and any problems encountered in the performance of the work under this Agreement and contain all of the information required under 25 CCR § 7160.

2) **Grant Completion Report:** The Grantee shall prepare and submit to the County a grant projects completion report (“**Grant Completion Report**”) upon the earlier of (a)

ninety (90) calendar days of the termination of this Agreement or (b) the exhaustion of the Grant amounts. The Grant Completion Report shall include, in part, a description of actual work done, any changes or amendments to the project, and a final schedule showing actual progress versus planned progress, copies of any final documents or reports generated or utilized during a project. The Grant Completion Report shall include all of the information required under 25 CCR § 7160, and a summary spreadsheet listing Eligible Projects assisted during the reporting period by unit, including the project name, type of housing, number of units, income levels restricted in each unit, bedroom count of each unit, and amount of MHSA Grant Funds expended per unit.

11. SUBMISSION OF REPORTS –General Fund Grant. The submittal and approval of all reports is a requirement for the successful completion of this Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to the County. All reports shall be submitted to the County’s OC Community Resources. If requested, the Grantee shall promptly provide any additional information deemed necessary by the County for the approval of reports. Reports shall be presented in the formats described in the applicable portion of **Exhibit B** and shall separately identify the Grantee’s use of General Fund Grant funds.

1) Progress Reports: The Grantee shall submit progress reports on an annual basis no later than July 31 of each year. The progress reports shall be sent to OC Community Resources. The progress reports shall provide a brief description of the work performed during the reporting period including: the Grantee’s activities, milestones achieved, any accomplishments, and any problems encountered in the performance of the work under this Agreement and contain all of the information required under 25 CCR § 7160.

2) Grant Completion Report: The Grantee shall prepare and submit to the County a grant projects completion report (“Grant Completion Report”) upon the earlier of (a) ninety (90) calendar days of the termination of this Agreement or (b) the exhaustion of the Grant amounts. The Grant Completion Report shall include, in part, a description of actual work done, any changes or amendments to the project, and a final schedule showing actual progress versus planned progress, copies of any final documents or reports generated or utilized during a project. The Grant Completion Report shall include all of the information required under 25 CCR § 7160, and a summary spreadsheet listing Eligible Projects assisted during the reporting period by unit, including the project name, type of housing, number of units, income levels restricted in each unit, bedroom count of each unit, and amount of General Fund Grant funds expended per unit.

12. GRANT RECORDS. The Grantee is required to maintain all financial records associated with the projects funded by both Grants in accordance with **Exhibit C** Audit Document Requirements. These records shall be stored in Orange County for a period of three (3) years after the termination of this Agreement.

13. AUDITS. At any time during Grantee's business hours and upon reasonable notice by the County, the Grantee shall allow County staff or contractors to evaluate, audit, inspect and monitor its facilities, program operations, and records maintained in connection with this Agreement. The inspection methods that may be used include:

- 1) On-site visits
- 2) Interviews of Grantee's staff and program participants
- 3) Review, examination or audit of case files/records, receipts, client/user complaints, monthly/quarterly reports, and fiscal records including employee timesheets.
- 4) Inspection of Grantee's internal monitoring and evaluation system

With respect to inspection of Grantee's records, the County may require that Grantee provide supporting documentation to substantiate Grantee expenses with respect to the Grantee's use or expenditure of the Grant amounts.

14. INDEPENDENT CONTRACTOR. The Grantee shall be considered an independent contractor and neither the Grantee, its employees, nor anyone working under the Grantee shall be considered an agent or an employee of County. Neither the Grantee, its employees nor anyone working under the Grantee shall qualify for workers' compensation or other fringe benefits of any kind through County.

15. CONTINGENCY OF GRANT FUNDS: Trust acknowledges that funding or portions of funding for this Agreement may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to County; and inclusion of sufficient funding for the services hereunder in the budget approved by County's Board of Supervisors for each fiscal year covered by this Agreement. If such approval, funding or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or modify this Agreement without penalty.

16. BREACH OF CONTRACT:

- a. Breach by the Trust. The failure of the Trust to comply with any of the provisions, covenants or conditions of this Agreement shall be a material breach of this Agreement. In such event the County may, and in addition to any other remedies specified in this Agreement:
 - i. Afford the Grantee written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Agreement within which to cure the breach;
 - ii. Discontinue payment to the Grantee for and during the period in which the Grantee is in breach; and
 - iii. Offset against any monies billed by the Grantee but yet unpaid by the County those monies disallowed pursuant to the above.

b. Breach by the County. The failure of the County to comply with any of the provisions, covenants or conditions of this Agreement shall be a material breach of this Agreement. In such event the Trust may, and in addition to any other remedies specified in this Agreement:

- i. Afford the County written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Agreement within which to cure the breach.

Parties agree that failure of the Board of Supervisors to approve, fund or appropriate as provided in Section 15 herein shall not constitute a breach of contract under this Agreement.

17. REMEDIES NOT EXCLUSIVE: The remedies for breach set forth in this Agreement are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Agreement does not preclude resort by either party to any other remedies provided by law.

18. INDEMNITY. The Grantee agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the Grantee's receipt of the Grant amounts or performance under this Agreement.

19. CONFLICT OF INTEREST – TRUST PERSONNEL. The Grantee shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to the Grantee; the Grantee's employees, agents, and subcontractors associated with accomplishing work and services hereunder. The Grantee's efforts shall include, but not be limited to establishing precautions to prevent its employees, agents, and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers from acting in the best interests of the County.

20. CONFLICT OF INTEREST – COUNTY PERSONNEL. The County of Orange Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. The Grantee shall not, during the period of this Agreement, employ any County employee for any purpose.

21. NOTICES. Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing with a copy provided to the parties' contacts identified under this Paragraph 22. Any written communications shall

be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four (4) calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate party at the address stated herein or such other address as the parties hereto may designate by written notice from time to time in the manner aforesaid.

Trust:

Orange County Housing Finance Trust
Attn: Housing Trust Manager
1501 E. St. Andrew Place, 1st Floor
Santa Ana, CA 92705

County:

OC Community Resources
Director, Housing & Community Development
1501 E. St. Andrew Place, 1st Floor,
Santa Ana, CA 92705

22. ATTORNEY FEES. In any action or proceeding to enforce or interpret any provision of this Agreement, each party shall bear their own attorney's fees, costs and expenses.
23. ENTIRE CONTRACT: This Agreement contains the entire contract between the parties with respect to the matters herein, and there are no restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing. Electronic acceptance of any additional terms, conditions or supplemental Agreements by any County employee or agent, including but not limited to installers of software, shall not be valid or binding on County unless accepted in writing by County Executive Officer.
24. AMENDMENTS. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties; no oral understanding or agreement not incorporated herein shall be binding on either of the parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year dated below.

--Signature Pages Follow--

ORANGE COUNTY HOUSING FINANCE
TRUST

a California joint powers public entity formed
pursuant to California Government Code section
6500 *et. seq.*

By: _____
Adam Eliason
Housing Trust Manager

APPROVED AS FORM:

By: _____
Trust Counsel

EXHIBIT A

MHSA FUND GRANT PROJECT REQUIREMENTS

1. General Loan Program Requirements

- a. Trust will: (a) select the development(s) to receive loans from the Funds in accordance with Article 8, herein; (b) approve the location of the development(s); (c) determine the maximum amount of loan to be offered from the Funds for the development(s); (d) identify the number and size of Regulated Units (bedroom count) and their maximum rent (not to exceed 30% of 30% AMI); (e) if applicable, the number of COSR Assisted Units, the maximum COSR funding available, and the maximum COSR subsidy term for the COSR-Assisted Units; (f) determine any use or occupancy restrictions on the Regulated Units or unit sizes; (g) ensure that the Orange County Health Care Agency's tenant plan is in compliance with all local, state and federal fair housing laws; and (h) determine lien priority of the loan documents.
- b. Trust will underwrite each development proposal and recommend the maximum loan and, as applicable, minimum COSR's needed to subsidize all or a portion of the Regulated Units for a minimum. This will include preparation of a financial analysis to determine the anticipated COSR needed to subsidize the COSR-Assisted Units for the term requested by the Trust.
- c. Trust will coordinate with applicants to schedule a Concept Meeting with OC Community Resources and the Orange County Health Care Agency after receipt of a complete loan application. The Concept Meeting is held to provide an overview of the development proposal, including the eligible client supportive service needs, the experience of the property manager and primary service provider, and proximity to other resident service needs.
- d. Trust will coordinate the creation of the Regulatory Agreement, which shall: (a) identify the number, size (number of bedrooms), and use or occupancy restrictions of the regulated units; (b) specify the maximum rents for the regulated units; and (c) be recorded senior to the loan deed of trust.
- e. Trust will monitor the rehabilitation and construction of each development on a biennial basis.
- f. Trust may only use the funds in the Permanent Loan Conversion phase of the development and require borrower to submit all appropriate documentation to fund in during this phase. For purposes of this paragraph, "Permanent Loan Conversion" means the conversion of construction loans to permanent status and may include payment in full or part of the principal of a construction loan or the funding of additional loans upon completion of construction. Permanent Loan Conversion may be subject to additional due diligence requirements.
- g. Trust will provide the asset management services as follows:

- Review and approval of the following required borrower submittals: (a) evidence of property and liability insurance; (b) Regulated Unit rent rolls and proposed rent increases; (c) current local Housing Authority utility allowances by unit size;; (d) evidence of rental subsidies; (e) annual development audits showing actual rents and operating costs for the prior year; and (f) COSR draw requests (if applicable).
- h. Trust will hold, control and approve disbursements of development reserve accounts and COSR, as applicable.
 - i. Trust will perform periodic reviews regarding the adequacy, use, disbursements, and need for COSR on any given development, and annually provide the results of such reviews to the County.
 - j. Trust will perform inspections and/or monitor developments and prepare physical inspection reports biennially or more frequently as deemed necessary by the County. Inspections more frequent than on an biennial basis shall require written notice, as provided for in this Agreement.
 - k. Trust shall provide concurrently to County and the borrower of these funds any statutory notices of default under the loan documents.
 - l. Trust shall keep such books and records of the operation of the loans and the development(s), pursuant to common accounting principles, practices and state laws.
 - m. Trust shall not commingle the MHSA Grant Funds. Trust shall deposit accrued interest and principal payments on a loan funded with the MHSA Grant Funds in a separate fund and use such interest and payments consistent with Section 8 of this Agreement (“Grant Income”).

2. General Loan Terms and Conditions

The following additional requirements shall apply to all of the MHSA funded units:

- a. **Eligible applicants** include non-profit and for-profit organizations, joint ventures, or partnerships that serve the identified purpose of the NOFA.
- b. **Eligible Projects** are those which provide a minimum of five (5) new permanent rental homes with supportive services for extremely low- income individuals with a serious mental illness experiencing homelessness; these projects may result from new construction, acquisition or acquisition and rehabilitation. Conversion of commercial and light industrial use buildings to residential use may be eligible on a case-by-case basis as determined by HCD. Eligible projects may include occupancy restrictions, including preference or other restrictions, such as units for seniors, veterans, and/or transitional aged youth.
- c. **Population.** The population to be served shall include extremely low income (30% of Area Median Income for Orange County), homeless individuals who has a serious mental disorder as defined in WIC 5600.3, verified by a State Licensed Mental Healthcare Professional and has been deemed to meet the MHSA Housing Program eligibility (MHSA Certified) by Health Care Agency MHSA Housing Program staff.
- d. **Rent Restrictions.** Restricted rents for the MHSA funded units shall not exceed 30% of the HUD-published 30% Area Median Income (AMI) levels for Orange County, adjusted for designated household size (less a utility allowance unless included in the rent) with the tenants rent portion not to be more than 30% of their Social Security

- Income/Social Security Pension (SSI/SSP) or not more than 30% of their total gross household income (if additional income beyond SSI/SSP is received). If federally funded Project Based Vouchers are provided, the developer shall comply with the federal regulations for maximum rent and tenant rent portions.
- e. **Coordinated Entry System.** To the greatest extent feasible, the Developer shall utilize the local coordinated entry system to screen for eligible residents currently experiencing homelessness and with a documented serious mental disorder.
 - f. **Housing Unit General Requirements.** Housing units and building features must meet the needs of the MHSA tenants to be served at the development, including privacy, housing activities and community interaction. There shall be no requirement for non-related, single, adult tenants to share bedrooms. There shall be adequate number of bedrooms to accommodate the housing composition. Units are encouraged to have at least one-bedroom and be at least 450 square feet.
 - g. **Housing Unit Living Requirements.** Housing units must have an identifiable and private living area, sleeping area, full kitchen area and a full bathroom. The kitchen area shall at a minimum include a sink, full size refrigerator, cupboard space, counter area, microwave or oven, and a two burner stove or built-in cook top.
 - h. **Furnishings.** All units should be furnished with standard furnishings applicable to the unit type.
 - i. **Technology.** Developers are encouraged to provide units that are pre-wired for high technology and internet access.
 - j. **Common Space.** The building must include common space, such as a community room that can accommodate a variety of activities and where tenants can choose to interact with one another.
 - k. **Office Space.** The building must include a designated office space to provide services to MHSA tenants.
 - l. **Efficiency Requirements.** The design and operation of the Project shall incorporate features designed to increase efficiency and reduce ongoing expenses. The Project shall incorporate appropriate and feasible green design practices, such as the use of ENERGY STAR rated energy-efficient appliances and water-conserving fixtures and products. The Project must also utilize durable materials chosen to reduce future maintenance costs and renewable building supplies.
 - m. **Environmental Information.** Tenants shall be provided with information to assist them to participate in environmentally friendly practices such as energy and water conservation, recycling and use of non-toxic household products.

3. Required Operating, Replacement and Subsidy Reserves

All developments using MHSA funds must provide for the following reserves:

- a. Capitalized operating expense reserve. At a minimum, capitalized operating expense reserve shall equal 25% of the first year's approved operating and reserve budget.
- b. Capitalized replacement reserve. For rehabilitation projects, capitalized replacement reserve shall be based on a physical needs assessment and/or one or more Building Inspection Reports and a Replacement Reserve Needs Analysis. New construction

- projects shall have a capitalized replacement reserve of at least \$500 per unit/annually for all units in a project, increasing by 5% every five years.
- c. Capitalized operating subsidy reserve. Capitalized operating subsidy reserve (“COSR”) shall be required for projects without rental assistance vouchers (or other rental subsidies) to subsidize operating costs for the MSHA Regulated Units. COSR’s must be funded to allow for operating cost subsidies for a minimum of 17 full years unless waived by HCD. The recommended maximum COSR limit is \$163,780 per assisted unit (with a suggested increase up to 4% per year).
 - d. Tenant Rent & Utility Reserve. Tenant rent and utility reserve (the “Reserve”) may be required by the Trust to be funded by the Developer by Certificate of Occupancy for the development. This Reserve is used to assist MSHA eligible clients with rent and utility payments while waiting to get approved for SSI/SSP and/or rental assistance. The Reserve should provide 2 to 3 years rental income for the MSHA-assisted units (assuming rents that include utilities at 30% of SSI/SSP). This Reserve is held by Borrower as a revolving fund and is intended to be replenished over time from tenant rent back payments once the tenants qualify for SSI/SSP.

Developer/Borrower is required to continually seek future commitments of rental or operating subsidies for the MSHA Regulated Units (e.g., project-based Section 8) for the life of the MSHA Loan.

4. Application and Loan Commitment Notes

Upon review of the borrower application and a decision to loan MSHA funds, the following will be determined by the Trust and set forth in a commitment letter: 1) the per regulated unit loan amount; 2) the percent of MSHA regulated units as it relates to the entire Project; 3) the size of the regulated units to best meet MSHA client needs (bedroom count); 4) any permissible occupancy preferences (adults; seniors; transition age youth); 5) the maximum COSR (if applicable) to carry the project through the first 17 years of operations; 6) whether Developer must fund a tenant rent reserve (for COSR assisted Projects only); 8) any permissible developer fees for non-tax credit transactions; and 9) permissible overlaying occupancy, rent or income restrictions from other financing or tax credit sources.

Supportive services provisions and a Social Services Plan and operating budget from the primary or lead service provider(s) shall be provided.

Eligible Projects are those which provide a minimum of five (5) new permanent rental homes with supportive services for extremely low- income individuals with a serious mental illness experiencing homelessness; these projects may result from new construction, acquisition or acquisition and rehabilitation. Conversion of commercial and light industrial use buildings to residential use may be eligible on a case-by-case basis as determined by the Trust.

All units assisted with MSHA funding shall include supportive services provided by the Orange County Health Care Agency (HCA) as the lead service provider, or an HCA-contracted service provider. A supportive services plan means specific supportive services plan for a project,

developed by HCA MHSA Housing Program in partnership with the developer, supportive service provider(s), and the property manager. Primary supportive services shall be provided on site to meet the specific needs of the population to be served.

All MHSA funded loans shall require annual residual receipt payments in accordance with the promissory note, and a regulatory agreement with a minimum term of 20 years.

All MHSA tenants must be MHSA Certified by HCA MHSA Housing Program staff as outlined in the MHSA Housing Program Certification and Referral Process. It is important to note that in no event shall a person be required to be a client of the Orange County Behavioral Health department or a recipient of mental health or other services in order to qualify for or remain in an Assisted Unit.

All MHSA funded projects where the provision of mental health services is to be provided by the Orange County Behavioral Health Department must be approved by the County Board of Supervisors prior to Trust project approval.

EXHIBIT B

GRANT REPORT FORMATS AND REQUIREMENTS

The following reporting formats should be utilized. Please obtain County approval prior to submitting a report in an alternative format.

PROGRESS REPORTS

Progress reports shall generally use the following format. This format may be modified as necessary to effectively communicate information. The report shall contain the following:

- (a) A description of program expenses and the use of the Grant funds.
- (b) A narrative summary of Trust activities including:
 - (1) Work undertaken or completed in the reporting period, including the number, type and size unit count of projects receiving the proceeds of Trust Funds.
 - (2) Activities planned to be undertaken in the next reporting period.
 - (3) Description of problems encountered in Trust program implementation; and a description of the solution and when it will be implemented.
 - (4) Description of how problems may impact the ability to complete or fulfill obligations under any applications or agreements for the receipt for Local Housing Trust Fund matching fund programs.
 - (5) Photo documentation, as appropriate.
- (c) Financial summary including:
 - (1) Amount of Trust funds (by Eligible Project and by activity type) available at the beginning of the reporting period, the amount drawn down to date, amount expended on Eligible Projects restricted to Extremely Low-Income households, amount expended on Eligible Projects restricted to Moderate-Income households, and the remaining balance.
 - (2) Documentation of matching funds received from the State, including the amount by source, expended on each Eligible Project during the reporting period.
 - (3) If requested by the County, the Trust shall obtain a report from a qualified, licensed third party that certifies to the amounts of disbursement and identifies the specific Eligible Projects for which the disbursements were made.
 - (4) "Eligible Project" shall have the same meaning as "Eligible Project" as defined in 25 CCR § 7151, subdivision (e), and any subsequent guidelines issued by the Department of Housing and Community Development regarding the Local Housing Trust Fund programs.

ADDITIONAL REPORTING REQUIREMENTS FOR MHSA GRANT: To the extent not included above, the Trust shall include the following information as it relates to the MHSA Grant:

- (a) the costs associated with the loans and development(s),
- (b) the amount of funds held by Trust at the beginning of the reporting term;
- (c) the amount of funds received from loan repayments or unused COSR deposits to the MHSA fund maintained by the Trust;
- (d) the amount of interest earned on the funds in the MHSA fund maintained by the Trust by date posted;
- (e) the amount in the MHSA fund maintained by the Trust at the end of the reporting term; and
- (f) a report on the total amount of committed and uncommitted funds in the MHSA fund maintained by the Trust by development.

GRANT COMPLETION REPORT

The Grant Completion Report shall generally use the following format. This format may be modified as necessary to effectively communicate information on the activities funded by this Agreement, and includes the following:

Executive Summary

Reports and/or products

- Summary of the work completed.
- An estimate of the population of eligible individuals served by the project.
- A summary of the clients who received services through the use of the Grant amounts.
- A description of the housing facilities used to provide housing for eligible individuals.

Cost & Disposition of Funds Information

- A summary of final funds disbursement for the project.

EXHIBIT C

AUDIT DOCUMENT REQUIREMENTS

Audit Document Requirements

The list below details the documents/records that County Auditors may review in the event the Agreement being audited. The Grantee should ensure that such records are maintained.

Internal Controls:

1. Organization chart (e.g., Grantee's overall organization chart and organization chart for this Agreement's funded project).
2. Written internal procedures and flowcharts for the following:
 - a) Receipts and deposits
 - b) Disbursements
 - c) Guidelines, policy(ies), and procedures on the Grant funded program.
3. Audit reports of the Grantee's internal control structure and/or financial statements within the last two years.

Agreements:

1. All subcontractor and consultant contracts and related agreements, if applicable.
2. Agreements between the Grantee, and project partners as related to the County funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures under the Agreement, if applicable.
2. Documentation linking subcontractor invoices to the Agreement, as applicable.

Cash Documents (as applicable):

1. Receipts (copies of warrants) showing payments received from the County.
2. Deposit slips or bank statements showing deposit of the payments received from the County.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the Agreement.

Accounting Records:

1. Ledgers showing receipts and cash disbursement entries of County funding.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to the expenditure of the Grant amounts.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Grantee staff that worked on the County funded program.
2. Payroll records including timesheets for Grantee and contractor staff.

Project Files:

1. All supporting documentation maintained in the Grant funded program files.
2. All Agreement related correspondence.

**GRANT AGREEMENT BETWEEN THE COUNTY OF ORANGE AND
THE ORANGE COUNTY HOUSING FINANCE TRUST FOR THE PROVISION OF
ADMINISTRATIVE COSTS**

This Grant Agreement (the “**Agreement**”) entered into as of _____, 2020 is made by and between the County of Orange, a political subdivision of the State of California (the “**County**”) and the Orange County Housing Finance Trust, a California joint powers public entity formed pursuant to California Government Code section 6500 *et. seq.* (the “**Trust**” or “**Grantee**”), with the County and Trust sometimes referred to as “**Party**,” or collectively as “**Parties**.”

WHEREAS, the Trust was created pursuant to California Government Code section 6539.5 for the purpose of: (1) funding the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income, as defined in Section 50093 of the Health and Safety Code, including, but not limited to, permanent supportive housing; and (2) receiving public and private financing and funds; and

WHEREAS, the County approved and executed the Joint Exercise of Powers Agreement for the Trust, and became a member of the Trust, on or about March 12, 2019; and

WHEREAS, the Joint Exercise of Powers Agreement required the County to pay for the Trust’s administrative costs for the year following its creation and thereafter requires other Parties to the Trust to make annual contributions towards budgeted administrative costs pursuant to a cost allocation formula adopted by the Board of Directors; and

WHEREAS, the Board of Directors adopted a cost allocation formula (“**Formula**”) on January 15, 2020 under which City members pay five ninths (5/9ths) of the administrative costs (“**City Contribution**”) and the County contributing four ninths (4/9ths) of the total administrative costs (“**County Contribution**”); and

WHEREAS, the City Contribution actual amount is subject to change based on the Trust’s receipt of outside funding towards administrative costs; and

WHEREAS, in its effort to support the Trust’s efforts toward the development of affordable housing in Orange County, the County has agreed to a set County Contribution amount for the next five fiscal years regardless of any receipt of outside funding toward administrative costs by the Trust.

NOW, THEREFORE, the Parties mutually agree as follows:

1. COUNTY ADMINISTRATIVE COSTS GRANT. The County hereby grants the Trust the following Grant amount:
 - a. \$1,000,000 towards the Trust’s administrative costs (“**Administrative Costs Grant**”).
2. DISBURSEMENT OF COUNTY ADMINISTRATIVE COSTS GRANT. The County shall transfer the grant amount set forth in Section 1.a., above, to the Trust as follows:

- a. By July 15, 2020: \$200,000; and
 - b. On July 15, 2021, and annually on July 15th of each subsequent year, with the last payment being made on July 15, 2024, until the total Administrative Costs Grant amount is exhausted: \$200,000.
3. **TERM OF GRANT AGREEMENT.** The term of this Agreement begins on the date when fully executed by the parties, and terminates on July 31, 2025.
 4. **TERMINATION.** In addition to any other remedies or rights it may have by law, County has the right to immediately terminate this Agreement without penalty for cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any material breach of contract, any misrepresentation or fraud on the part of the Grantee. Exercise by County of its right to terminate the Agreement shall relieve County of all further obligation. The Grantee shall return all unexpended funds remaining of the Grant amounts within (30) thirty days of the date of termination of this Agreement under this Paragraph 4.
 5. **ELIGIBLE COSTS.** The Grantee shall utilize the Administrative Costs Grant amounts toward the Trust's administrative costs, including any expenses incurred by the Trust in planning, organizing, and managing the Trust.
 6. **SUBMISSION OF REPORTS.** The submittal and approval of all reports is a requirement for the successful completion of this Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to the County. All reports shall be submitted to the County's Director of OC Community Resources. Reports shall be presented in the formats described in the applicable portion of **Exhibit A**.
 - 1) **Progress Reports:** The Grantee shall submit progress reports on an annual basis no later than July 31 of each year. The progress reports shall be sent to the County's Director of OC Community Resources. The progress reports shall provide a schedule of monthly and year to date expenses that are chargeable against the Administrative Costs Grant and contain all of the information required under 25 CCR § 7160.
 - 2) **Grant Completion Report:** The Grantee shall prepare and submit to the County a grant projects completion report ("**Grant Completion Report**") upon the earlier of (a) ninety (90) calendar days of the termination of this Agreement or (b) the exhaustion of the Grant amounts. The Grant Completion Report shall include, in part, a summary of the expenses that were charged against the County Administrative Costs Grant, all of the information required under 25 CCR § 7160, and a summary spreadsheet listing Eligible Projects assisted during the reporting period by unit, including the project name, type of housing, number of units, income levels restricted in each unit, bedroom count of each unit, and amount of Trust Funds expended per unit.

7. GRANT RECORDS. The Grantee is required to maintain all financial records associated with the expenditure of the Administrative Cost Grant in accordance with **Exhibit B** Audit Document Requirements. These records shall be stored in Orange County for a period of three (3) years after the termination of this Agreement.
8. AUDITS. At any time during Grantee's business hours and upon reasonable notice by the County, the Grantee shall allow County staff or contractors to evaluate, audit, inspect and monitor its program operations, and records maintained in connection with this Agreement. The inspection methods that may be used include:
 - 1) On-site visits
 - 2) Interviews of Grantee's staff and program participants
 - 3) Review, examination or audit of case files/records, receipts, client/user complaints, monthly/quarterly reports, and fiscal records including employee timesheets
 - 4) Inspection of Grantee's internal monitoring and evaluation system

With respect to inspection of Grantee's records, the County may require that Grantee provide supporting documentation to substantiate Grantee expenses with respect to the Grantee's use or expenditure of the Grant amounts.

9. INDEPENDENT CONTRACTOR. The Grantee shall be considered an independent contractor and neither the Grantee, its employees, nor anyone working under the Grantee shall be considered an agent or an employee of County. Neither the Grantee, its employees nor anyone working under the Grantee shall qualify for workers' compensation or other fringe benefits of any kind through County.
10. CONTINGENCY OF FUNDS: Trust acknowledges that funding or portions of funding for this Agreement may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to County; and inclusion of sufficient funding for the services hereunder in the budget approved by County's Board of Supervisors for each fiscal year covered by this Agreement. If such approval, funding or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or modify this Agreement without penalty.
11. BREACH OF CONTRACT:
 - a. Breach by the Trust. The failure of the Trust to comply with any of the provisions, covenants or conditions of this Agreement shall be a material breach of this Agreement. In such event the County may, and in addition to any other remedies specified in this Agreement:
 - i. Terminate the Agreement immediately, pursuant to Section 4 herein;

- ii. Afford the Grantee written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Agreement within which to cure the breach;
- iii. Discontinue payment to the Grantee for and during the period in which the Grantee is in breach; and
- iv. Offset against any monies billed by the Grantee but yet unpaid by the County those monies disallowed pursuant to the above.

b. Breach by the County. The failure of the County to comply with any of the provisions, covenants or conditions of this Agreement shall be a material breach of this Agreement. In such event the Trust may, and in addition to any other remedies specified in this Agreement:

- i. Afford the County written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Agreement within which to cure the breach.

Parties agree that failure of the Board of Supervisors to approve, fund or appropriate as provided in Section 10 herein shall not constitute a breach of contract under this Agreement.

12. REMEDIES NOT EXCLUSIVE: The remedies for breach set forth in this Agreement are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Agreement does not preclude resort by either party to any other remedies provided by law.

13. INDEMNITY. The Grantee agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the Grantee's receipt of the Grant amounts or performance under this Agreement.

14. CONFLICT OF INTEREST – TRUST PERSONNEL. The Grantee shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to the Grantee; the Grantee's employees, agents, and subcontractors associated with accomplishing work and services hereunder. The Grantee's efforts shall include, but not be limited to establishing precautions to prevent its employees, agents, and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers from acting in the best interests of the County.

15. CONFLICT OF INTEREST – COUNTY PERSONNEL. The County of Orange Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. The Grantee shall not, during the period of this Agreement, employ any County employee for any purpose.

16. NOTICES. Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing with a copy provided to parties' contacts identified under this Paragraph 17. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four (4) calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate party at the address stated herein or such other address as the parties hereto may designate by written notice from time to time in the manner aforesaid.

Trust:

Orange County Housing Finance Trust
Attn: Housing Trust Manager
1501 E. St. Andrew Place, 1st Floor
Santa Ana, CA 92705

County:

Orange County Community Resources
Attn: Director, Housing & Community Development
1501 E. St. Andrew Place, 1st Floor
Santa Ana, CA 92705

17. ATTORNEY FEES. In any action or proceeding to enforce or interpret any provision of this Agreement, each party shall bear their own attorney's fees, costs and expenses.

18. ENTIRE CONTRACT: This Agreement contains the entire contract between the parties with respect to the matters herein, and there are no restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing. Electronic acceptance of any additional terms, conditions or supplemental Agreements by any County employee or agent, including but not limited to installers of software, shall not be valid or binding on County unless accepted in writing by County Executive Officer.

19. AMENDMENTS. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties; no oral understanding or agreement not incorporated herein shall be binding on either of the parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year dated below.

--Signature Pages Follow--

ORANGE COUNTY HOUSING FINANCE
TRUST

a California joint powers public entity formed
pursuant to California Government Code section
6500 *et. seq.*

By: _____

Adam Eliason
Housing Trust Manager

APPROVED AS FORM:

By: _____

Trust Counsel

EXHIBIT A

REPORT FORMATS AND REQUIREMENTS

The following reporting formats should be utilized. Please obtain County approval prior to submitting a report in an alternative format.

PROGRESS REPORTS

Progress reports shall generally use the following format. This format may be modified as necessary to effectively communicate information. The report shall contain the following:

- (a) A description of program expenses and the use of the Grant amounts.
- (b) A narrative summary of Trust activities including:
 - (1) Work undertaken or completed in the reporting period, including the number, type and size unit count of projects receiving the proceeds of Trust Funds.
 - (2) Activities planned to be undertaken in the next reporting period.
 - (3) Description of problems encountered in Trust program implementation; and a description of the solution and when it will be implemented.
 - (4) Description of how problems may impact the ability to complete or fulfill obligations under any applications or agreements for the receipt for Local Housing Trust Fund matching fund programs.
 - (5) Photo documentation, as appropriate.
- (c) Financial summary including:
 - (1) Amount of Trust funds (by Eligible Project and by activity type) available at the beginning of the reporting period, the amount drawn down to date, amount expended on Eligible Projects restricted to Extremely Low-Income households, amount expended on Eligible Projects restricted to Moderate-Income households, and the remaining balance.
 - (2) Documentation of matching funds received from the State, including the amount by source, expended on each Eligible Project during the reporting period.
 - (3) If requested by the County, the Trust shall obtain a report from a qualified, licensed third party that certifies to the amounts of disbursement and identifies the specific Eligible Projects for which the disbursements were made.
 - (4) "Eligible Project" shall have the same meaning as "Eligible Project" as defined in 25 CCR § 7151, subdivision (e), and any subsequent guidelines issued by the Department of Housing and Community Development regarding the Local Housing Trust Fund programs.

GRANT COMPLETION REPORT

The Grant Completion Report shall generally use the following format. This format may be modified as necessary to effectively communicate information on the activities funded by this Agreement, and includes the following:

Executive Summary

Reports and/or products

- A summary of the work completed.
- The information specified above with respect to Progress Reports.
- An estimate of the population of eligible individuals served by the project.

- A summary of the clients who received services through the use of the Grant amounts.
- A description of the housing facilities used to provide housing for eligible individuals.

Cost & Disposition of Funds Information

- A summary of final funds disbursement for the project.

EXHIBIT B

AUDIT DOCUMENT REQUIREMENTS

Audit Document Requirements

The list below details the documents/records that County Auditors may review in the event the Agreement is audited. The Grantee should ensure that such records are maintained.

Internal Controls:

1. Organization chart (e.g., Grantee's overall organization chart and organization chart for this Agreement's funded project).
2. Written internal procedures and flowcharts for the following:
 - a) Receipts and deposits
 - b) Disbursements
 - c) Guidelines, policy(ies), and procedures on the Grant funded program.
3. Audit reports of the Grantee's internal control structure and/or financial statements within the last two years.

Agreements:

1. All subcontractor and consultant contracts and related agreements, if applicable.
2. Agreements between the Grantee, and project partners as related to the County funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures under the Agreement, if applicable.
2. Documentation linking subcontractor invoices to the Agreement, as applicable.

Cash Documents (as applicable):

1. Receipts (copies of warrants) showing payments received from the County.
2. Deposit slips or bank statements showing deposit of the payments received from the County.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the Agreement.

Accounting Records:

1. Ledgers showing receipts and cash disbursement entries of County funding.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to the expenditure of the Grant amounts.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Grantee staff that worked on the County funded program.
2. Payroll records including timesheets for Grantee and contractor staff.

Project Files:

1. All supporting documentation maintained in the Grant funded program files.
2. All Agreement related correspondence.

Agenda Item #5

Approve draft summary of
County administrative services
needed for the Trust

REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (OCHFT) BOARD ACTION

MEETING DATE: March 18, 2020

SUBJECT: Approve draft summary of County administrative services recommended for the Trust to be included in MOU agreement with the County.



Adam B. Eliason, Manager

RECOMMENDED ACTION:

1. PROVIDE DIRECTION AND APPROVE THE DRAFT SUMMARY OF COUNTY ADMINISTRATIVE SERVICES FOR THE TRUST TO BE INCLUDED IN A MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF ORANGE
2. DIRECT STAFF TO RETURN TO THE BOARD IN MAY FOR EXECUTION OF FINAL MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF ORANGE.

BACKGROUND:

Under the powers conferred by the Joint Powers Agreement (the "Agreement"), approved March 12, 2019, the Board of Directors may contract with any party to provide the necessary administrative services to the Orange County Housing Finance Trust (the "Trust").

As established in the initial Memorandum of Understanding (MOU) approved retroactively on October 29, 2019, the County of Orange (the "County") provides and pays for administrative services during the Trust's first year. Effective July 1, 2020, the County will no longer be required to pay for all administrative services.

In order to set up for a smooth transition from the County providing and paying for all administrative services, to the Trust reimbursing the County for Administrative Service, Staff has prepared Attachment A which outlines a summary of the recommended services the County of Orange should continue to provide for the Trust, well as the recommended services the Trust should outsource or pursue other alternatives.

The recommended Agencies/Departments within the County of Orange that staff recommends the Trust to continue to contract with include:

1. Auditor/Controller
2. Treasurer
3. County Counsel
4. Clerk of the Board
5. OC Sheriff Department
6. Risk Management
7. Health Care Agency
8. Orange County Community Resources

The recommended services for the Trust to outsource, or to pursue other alternatives include:

1. Trust Administrative Services
2. Publishing Services
3. Website and Other Information Technology Services
4. Mailing Services
5. Parking Services
6. Lobbying Services
7. Marketing Services
8. NOFA Application Underwriting Services and Escrow Services.

Based on Board direction, it is anticipated that in May, the Final MOU will return to the Board for approval and execution and will include budgeted costs for all services to be provided by the County, based upon each Department's scope of work.

ATTACHMENT

Attachment A - Draft Summary of Administrative Services Recommended for the Trust

DRAFT SUMMARY OF ADMINISTRATIVE SERVICES RECOMMENDED FOR THE TRUST

- I. **RECOMMENDED AGENCIES/DEPARTMENTS TO BE INCLUDED IN THE MOU WITH THE COUNTY OF ORANGE. TRUST TO CONTINUE TO CONTRACT FOR SERVICES:** Note: All County staff costs to be fully burdened including benefits and indirect costs applied to all County staff
- A. Auditor/Controller – Financial Services
 - 1. General Accounting, including processing of invoices for Trust payments
 - 2. Check writing and Wiring of Funds
 - 3. Coordinate Outside Audits (MHSA, Local Housing Trust Fund, State and/or County General Fund), as necessary
 - 4. Review of Developer Audited Financials – Trust NOFA Threshold Review
 - B. Treasurer - Tax Collector – Investment Services
 - 1. Bank Relationship Management (if required)
 - 2. Cash management services (if required)
 - 3. Investment Services for investment of Trust funds
 - 4. Fund Accounting and bank reconciliation services
 - 5. Reimbursement of Board Treasurer’s Bond by Trust
 - C. County Counsel – Legal Services
 - 1. Advise Trust staff as to procedures, legality of documents, policy concerns, and legal implications concerning the Trust activities
 - 2. Prepare resolutions, notices, pleadings, and other legal documents necessary for the Trust activities
 - 3. Provide representation in hearings, arbitration, mediation, and any related litigation, as necessary, arising out of the Trust activities
 - 4. Attend all Trust meetings, as requested/necessary, and advise the Trust Directors to procedures, legality of documents, policy concerns, and legal implications concerning the Trust actions
 - 5. Coordinate and contract with outside counsel for specialized matters
 - D. Clerk of the Board – Board Meeting Services
 - 1. Administrative Preparation of Regular and Special Trust Meeting Agendas
 - 2. Administrative Preparation and Clerking Services for Trust Meetings
 - 3. Administrative Preparation of Regular and Special Trust Meeting Summary Action Minutes
 - 4. Other Administrative Matters including Form 700 filing (County Employed Directors and Non-County Directors)
 - E. OC Sheriff Department – Audio Services
 - 1. Trust Board Meeting Audio Set-up

2. Trust Board Meeting on going Audio Support Services
3. Trust Board Meeting Audio Availability

F. Risk Management – Insurance Services

G. Health Care Agency – Supportive Services

H. Orange County Community Resources – Coordination and Compliance Services

1. Coordinate with Trust staff on Trust Items for Regular, Special, Ad Hoc and Advisory meetings
2. Coordinate with Trust staff and OCCR ASR Coordinator for Board actions needing County Board of Supervisor approval, when required
3. Coordinate with Trust staff bi-monthly to ensure website pipeline is up to date
4. Assist in NOFA application threshold review
5. Coordinate with County environmental staff and/or City staff to ensure project environmental compliance
6. Coordinate with Trust Consultants, when necessary
7. Oversight of MOU for all County departments including Invoice Tracking for Projects for County Scope of Services MOU:
 - a. Treasurer – Investment Services
 - b. County Counsel – negotiations, completion delivery and execution of Loan Agreements, Regulatory Agreements, and other investment agreements necessary to close loans
 - c. Clerk of the Board – Trust Board Meetings
 - i. Coordinate scheduling of Regular and Special Trust Board Meetings
 - d. OC Sheriff Department – Coordinate with Audio team before, during and after Trust Board meetings
 - e. Health Care Agency – Coordinate with Health Care Agency on Supportive Services (including review of NOFA application to ensure MHSA compliance).
 - f. OCCR – Project Status, monitoring and Application submittal
 - i. Coordinate with Trust staff related to Project Development
 - ii. Annual Compliance Monitoring of Affordable and Supportive Housing Units (Property Management files, tenant income, Unit Rents and Inspections and resources included in the project)
 - iii. Assist in preparation of Annual Applications for Federal and State Funding Programs (including LHTF), as applicable.

II. RECOMMENDED SERVICES TO NOT BE INCLUDED IN THE MOU. TRUST TO OUTSOURCE OR PURSUE OTHER ALTERNATIVES:

A. Trust Administration Services– Hire an Administrative Assistant or other Trust Staff

B. Publishing Services – Trust to Outsource for business cards, pamphlets, brochures, etc. Portion of Services to be included under OCCR Scope of Services Information Technology

- C. Website Services and Other Information Technology Services – Previously provided by County IT
 - 1. Trust to hire webmaster, as needed
 - 2. Computer Repair – Trust to Outsource
 - 3. OCCR Staff IT Support – To be included under OCCR Staff MOU
- D. Mailing Services – Trust to acquire its own P.O. Box
- E. Parking Services – Trust to purchase Pre-Paid Parking Validations from OCPW
- F. Lobbying Services (previously provided by County CEO Department) - Extend Contract in Place as necessary
- G. Marketing Services (previously provided by County PIO) - media to outsource or utilize Trust Administrative Assistant
- H. NOFA Review Underwriting Services - Trust to Contract directly with Underwriting Consultant
- I. Escrow Services – Trust to Contract with Escrow/Title Companies for distribution of Project funds to Developers

Agenda Item #6

Receive and file Alternative
Trust Member Allocation
Formula for Administrative
Costs

REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION

MEETING DATE: March 18, 2020

SUBJECT: Receive and File Alternative Trust Member Allocation Formula for Trust
Administrative Costs.



Adam B. Eliason, Manager

RECOMMENDED ACTION:

RECEIVE AND FILE ALTERNATIVE TRUST MEMBER ALLOCATION FORMULA FOR TRUST
ADMINISTRATIVE COSTS.

BACKGROUND:

At the January 15, 2020 Board Meeting, the Board approved a Trust Member allocation formula for administrative costs based upon the ACCOC suggested formula and what was originally submitted to cities when considering joining the Trust.

At that meeting the Board requested Staff to calculate the Trust allocation of administrative costs based upon the Orange County Council of Governments (OCCOG) formula (Attachment A). The OCCOG calculates their membership fee based upon each member paying a base amount of one third of the total administrative budget plus a weighted population percentage, multiplied by the remaining administrative costs.

In this alternative allocation formula scenario, some members pay more, and some pay less.

FINAL TRUST BUDGET

As required in Joint Exercise of Powers Agreement, the Trust will review and approve the annual budget at the May 2020 Board Meeting. At that meeting the final budget will be presented including the final allocation amounts which will include Lake Forest and Huntington Beach, assuming Huntington Beach receives final approval of their Housing Element.

With those two additional cities, the Trust now has 23 member cities plus the County. Therefore, the updated Board approved allocation formula reduces the member contribution to the Trust as follows:

Small cities less than 60,000 population = \$4,680.42

Medium cities 60,000 – 95,000 population = \$9,360.83

Large cities greater than 95,000 population = \$18,721.66

At the January 15, 2020 Board Meeting a request was made to clarify the Joint Powers Agreement (JPA) language regarding a waiver provision for Member contributions.

JPA Section 7(c)(1) Financial Provisions – Contribution of the Parties – Administrative Cost Contributions – states the following: *“By unanimous vote the Board of Directors may waive a parties’ contribution toward OCHFT’s administrative costs.”*

JPA Section 10(b)(1) Admission and Withdrawal of Parties has no provision for the Board to waive the notice requirement. Therefore, if a Member wishes to terminate, they would still need to put their request in writing and request in writing the waiver of financial contribution even if they have not already paid that amount.

At the same January 15, 2020 Board Meeting several edits to the Administrative Expenses Allocation Formula Policy and Procedures were approved. It was further requested that the updated version of that document be presented for informational purposes only at the March Board Meeting. Attachment B contains a clean version of the policy and Attachment C contains the redlined version of those changes.

ATTACHMENT:

Attachment A – Alternative Trust Member Allocation Formula of Trust Administrative Costs

Attachment B - Administrative Expense Allocation Formula Policy and Procedures (Clean version)

Attachment C - Administrative Expense Allocation Formula Policy and Procedures (Redline version)

Orange County Housing Finance Trust

Alternative Trust Member Allocation Formula

TOTAL CITY MEMBERS CONTRIBUTION	OCCOG Formula Allocation Total	Total ACC-OC Allocation	Difference
<i>Aliso Viejo</i>	\$8,039.89	5,265.47	(2,774.42)
<i>Anaheim</i>	\$31,701.76	21,061.87	(10,639.89)
<i>Buena Park</i>	\$10,524.85	10,530.94	6.09
<i>Costa Mesa</i>	\$12,952.11	21,061.87	8,109.76
<i>Dana Point</i>	\$6,653.45	5,265.47	(1,387.98)
<i>Fountain Valley</i>	\$8,425.29	5,265.47	(3,159.83)
<i>Fullerton</i>	\$15,194.58	21,061.87	5,867.29
<i>Garden Grove</i>	\$17,728.93	21,061.87	3,332.94
<i>La Habra</i>	\$8,885.14	10,530.94	1,645.80
<i>Laguna Beach</i>	\$5,818.90	5,265.47	(553.43)
<i>Laguna Hills</i>	\$6,478.74	5,265.47	(1,213.27)
<i>Laguna Niguel</i>	\$9,081.10	10,530.94	1,449.84
<i>Mission Viejo</i>	\$11,454.78	21,061.87	9,607.09
<i>Newport Beach</i>	\$10,771.98	10,530.94	(241.05)
<i>Orange</i>	\$15,019.17	21,061.87	6,042.70
<i>Placentia</i>	\$8,102.31	5,265.47	(2,836.85)
<i>San Juan Capistrano</i>	\$6,861.89	5,265.47	(1,596.42)
<i>Santa Ana</i>	\$30,241.03	21,061.87	(9,179.16)
<i>Stanton</i>	\$7,072.12	5,265.47	(1,806.65)
<i>Tustin</i>	\$10,396.82	10,530.94	134.12
<i>Westminster</i>	\$11,337.60	10,530.94	(806.67)

DRAFT

ORANGE COUNTY HOUSING FINANCE TRUST (Trust)

Administrative Expense Allocation Formula Policy and Procedures

DRAFT ~~January 15~~ March 18, 2020

1. The County shall pay 4/9th and Member Cities shall pay 5/9th of the annual Trust administrative expenses after, less any grant or donated funds approved for administrative expenses, or other Trust reserve funds approved by the Board have been deducted.
2. Member Cities shall pay their 5/9th allocation based upon the following formula allocation:
 - a. Small Cities shall be cities with a population size less than 60,000.
 - b. Medium Cities shall be cities with a population size between 60,000 and 95,000 and shall pay twice as much as Small Cities.
 - c. Large Cities shall be cities with a population size greater than 95,000 and shall pay twice as much as Medium Cities
3. Annual Member contribution amounts shall be reviewed and approved by the Board at the May Board Meeting.
4. Annual Member contributions will be invoiced to Trust Members no later than June 1st and due July 15st of each year.
- ~~4-5.~~ If membership payment is not received by August 1st, Trust membership will be terminated and any project funding, including those with contingent letters of commitment, will be canceled.
- ~~5-6.~~ Member contributions to the Trust administrative costs shall be in the form of money, unless the Board approves another form of contribution such as services, personal property or use of real or personal property, or other in-kind contributions. The acceptance and valuation of any such non-monetary contributions shall be determined by the Board in advance of such services. (JPA Section 7(c)(1))
- ~~6-7.~~ In the case of a voluntary withdrawal of any Member from the Trust, written notice shall be given to the Trust six months prior to the effective date of withdrawal (JPA Section 10(b)(1)).
- ~~7-8.~~ Unless otherwise provided by a unanimous vote of the Board of Directors, withdrawal from the Trust shall result in the forfeiture of that Members rights and

Commented [AE1]: The Board requested a due date for invoices and it was already provided in the document. This change to the 15th allows checks to be processed in the new FY cycle.

Formatted: Superscript

claims relating to distribution of property and funds upon termination (JPA Section 10(b)(2)).

~~8-9.~~ 9-9. Non-Member cities that join the Trust after the annual May Board Meeting will pay a pro-rated amount based upon the most recent allocation formula approved by the Board and based upon their size category. The pro-rated amount will be calculated based upon their Council date approving membership with the Trust and through June 30th.

~~9-10.~~ 9-10. Initial date of Trust membership requires the payment of the pro-rated Member contribution.

DRAFT

ORANGE COUNTY HOUSING FINANCE TRUST (Trust)

Administrative Expense Allocation Formula Policy and Procedures

DRAFT January 15March 18, 2020

1. The County shall pay 4/9th and Member Cities shall pay 5/9th of the annual Trust administrative expenses after, less any grant or donated funds approved for administrative expenses, or other Trust reserve funds approved by the Board have been deducted.
2. Member Cities shall pay their 5/9th allocation based upon the following formula allocation:
 - a. Small Cities shall be cities with a population size less than 60,000.
 - b. Medium Cities shall be cities with a population size between 60,000 and 95,000 and shall pay twice as much as Small Cities.
 - c. Large Cities shall be cities with a population size greater than 95,000 and shall pay twice as much as Medium Cities
3. Annual Member contribution amounts shall be reviewed and approved by the Board at the May Board Meeting.
4. Annual Member contributions will be invoiced to Trust Members no later than June 1st and due July 1st of each year.
- 4-5. If membership payment is not received by August 1st, Trust membership will be terminated and any project funding, including those with contingent letters of commitment, will be canceled.
- 5-6. Member contributions to the Trust administrative costs shall be in the form of money, unless the Board approves another form of contribution such as services, personal property or use of real or personal property, or other in-kind contributions. The acceptance and valuation of any such non-monetary contributions shall be determined by the Board in advance of such services. (JPA Section 7(c)(1))
- 6-7. In the case of a voluntary withdrawal of any Member from the Trust, written notice shall be given to the Trust six months prior to the effective date of withdrawal (JPA Section 10(b)(1)).
- 7-8. Unless otherwise provided by a unanimous vote of the Board of Directors, withdrawal from the Trust shall result in the forfeiture of that Members rights and

Formatted: Superscript

claims relating to distribution of property and funds upon termination (JPA Section 10(b)(2)).

~~8-9.~~ 9-9. Non-Member cities that join the Trust after the annual May Board Meeting will pay a pro-rated amount based upon the most recent allocation formula approved by the Board and based upon their size category. The pro-rated amount will be calculated based upon their Council date approving membership with the Trust and through June 30th.

~~9-10.~~ 9-10. Initial date of Trust membership requires the payment of the pro-rated Member contribution.

Agenda Item #7

Amended the proposed
amendments to the OCHFT
Conflict of Interest Code

REQUEST FOR ORANGE COUNTY HOUSING FINANCE TRUST (TRUST) BOARD ACTION

MEETING DATE: March 18, 2020

SUBJECT: Amend Conflict of Interest Code



Adam B. Eliason, Manager

RECOMMENDED ACTION:

1. RECOMMEND THE AMENDED OCHFT CONFLICT OF INTEREST CODE FOR SUBMISSION TO THE TRUST'S CODE REVIEWING BODY FOR FINAL APPROVAL.
2. AUTHORIZE STAFF TO MAKE ADDITIONAL MINISTERIAL CHANGES TO THE CONFLICT OF INTEREST CODE PURSUANT FURHTER CHANGES BY CODE REVIEWING BODY AND/OR CHANGES IN THE LAW.

BACKGROUND:

The Trust approved an initial Conflict of Interest Code (the "Code") at its August 2019 meeting. Pursuant to the Political Reform Act, the code reviewing body must finalize the Code in order to have effect. The law grants the code reviewing body, in the case of the Trust, the County of Orange, the discretion to require certain agency positions to file directly with that body. The changes to the amended Code (Attachment A) is the Resolution that reflects code reviewing body's exercise of its granted discretion in that regard and is reflected in a uniform format they prefer. If adopted, all required disclosures, except for Trust consultants, will be made directly with the Orange County Clerk of the Board.

ATTACHMENT

Attachment A - Resolution of the Orange County Housing Finance Trust Adopting a Conflict of Interest Code

Resolution Number 2020-

**RESOLUTION OF THE ORANGE COUNTY HOUSING FINANCE TRUST
ADOPTING A CONFLICT OF INTEREST CODE
WHICH SUPERSEDES ALL PRIOR CONFLICT OF
INTEREST CODES AND AMENDMENTS
PREVIOUSLY ADOPTED**

WHEREAS, the Political Reform Act of 1974, Government Code Section 81000 et. seq. (“the Act”), requires a local government agency to adopt a Conflict of Interest Code pursuant to the Act; and

WHEREAS, Orange County Housing Finance Trust has previously adopted a Conflict of Interest Code and that Code now requires updating; and

WHEREAS, amendments to the Act have in the past and foreseeably will in the future require conforming amendments to be made to the Conflict of Interest Code; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation, Title 2, California Code of Regulations, Section 18730, which contains terms for a standard model Conflict of Interest Code, which, together with amendments thereto, may be adopted by public agencies and incorporated by reference to save public agencies time and money by minimizing the actions required of such agencies to keep their codes in conformity with the Political Reform Act.

NOW THEREFORE, BE IT RESOLVED:

Section 1. The terms of Title 2, California Code of Regulations, Section 18730 (Attachment A) and any amendments to it duly adopted by the Fair

Political Practices Commission are hereby incorporated by reference and, together

with Exhibits A and B in which members and employees are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of the Orange County Housing Finance Trust.

Section 2. The provisions of all Conflict of Interest Codes and Amendments thereto previously adopted by the Orange County Housing Finance Trust and hereby superseded.

Section 3. The Filing Official/Officer is hereby authorized to forward a copy of this Resolution to the Clerk of the Orange County Board of Supervisors for review and approval by the Orange County Board of Supervisors as required by California Government Code Section 87303.

ATTACHMENT A

CONFLICT OF INTEREST CODE FOR THE

ORANGE COUNTY HOUSING FINANCE TRUST

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 Cal. Code Regs. Sec. 18730) which contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing, the FPPC may amend this Regulation to conform to amendments in the Political Reform Act. Therefore, the terms of California Code of Regulations, Title 2, Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and the attached Exhibits designating officials and employees and establishing disclosure categories shall constitute the Conflict of Interest Code of the Orange County Housing Finance Trust.

Officials in the positions listed in Exhibit A shall file Statements of Economic Interest with either the Clerk of the Orange County Board of Supervisors or the agency/district's Political Reform Act Filing Officer, as specified in Exhibit A. The Statements of Economic Interest shall be maintained as public records and shall be made available for public inspection and reproduction (Government Code § 81008).

OFFICIALS WHO ARE SPECIFIED IN GOVERNMENT CODE SECTION 87200

Officials who are specified in Government Code section 87200 (including officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3 (b)), are NOT subject to the Agency's Conflict of Interest Code, but are subject to the disclosure requirements of the Political Reform Act, Government Code section 87100, et seq. Gov't Code § 87203. These positions are listed here for informational purposes only.

The positions listed below are officials who are specified in Government Code section 87200:
Treasurer

The disclosure requirements for these positions are set forth in Government Code section 87200, et. seq. They require the disclosure of interests in real property in the agency's jurisdiction, as well as investments, business positions and sources of income (including gifts, loans and travel payments). These officials file Statements of Economic Interest with the Clerk of the Orange County Board of Supervisors.

Conflict of Interest Code EXHIBIT A

Agency: Orange County Housing Finance Trust

Position	Disclosure Category	Files With
Director	OC-01	COB
Executive Staff	OC-01	COB
Attorney	OC-01	COB
Consultant	OC-30	OCHFT
Member of any advisory committee to the OCHFT	OC-33	COB

OFFICIALS WHO ARE SPECIFIED IN GOVERNMENT CODE SECTION 87200

Officials who are specified in Government Code section 87200 (including officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3 (b)), are NOT subject to the Agency’s Conflict of Interest Code, but are subject to the disclosure requirements of the Political Reform Act, Government Code section 87100, et seq. Gov’t Code § 87203. These positions are listed here for informational purposes only.

**Agenda Item 7
ATTACHMENT A**

The positions listed below are officials who are specified in Government Code section 87200:

Treasurer

Files with Clerk of the Board

Disclosure Descriptions EXHIBIT B

Agency: Orange County Housing Finance Trust

Disclosure Category	Disclosure Description
OC-01	All interests in real property in Orange County, the authority or the District as applicable, as well as investments, business positions and sources of income (including gifts, loans and travel payments).
OC-30	Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The County Department Head/Director/General Manager/Superintendent/etc. may determine that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection.
OC-33	All investments in, business positions with and income (including gifts, loans and travel payments) from sources that are within the jurisdiction of the board, commission or committee.

Agenda Item 7
ATTACHMENT A

Agenda Item #8

Housing Trust Manager Report

OC Housing Finance Trust of January 15

General Meeting Information

Did the meeting start on time? Yes

Were all members present? No

Supervisor Andrew Do was absent. The chair announced that he was sick that day.

Did the members appear to have done their homework? Yes

Were members courteous to each other and the public? Yes

Brown Act

Was the agenda sent/posted 72 hours before this meeting? Yes

Did items clearly described what was discussed? Yes

Was there adequate opportunity for public input? Yes

Was there the appearance that some action items were discussed in closed rather than open session? No

Was background information available to the public? Yes

LWV Action Item

Were any issues on the agenda relevant to any LWVC positions or programs? Yes

The Strategic Plan proposals appear to track the League's supportive position on funding permanent supportive housing for the homeless.

Do you recommend local League action on any of these items? No

Do you have other concerns or comments? No