

PUBLIC HEARING - ISSUANCE OF BONDS BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY (CALPFA) FOR THE BENEFIT OF 10632 BOLSA AVENUE, LP TO ASSIST WITH FINANCING FOR THE HOUSING PROJECT LOCATED AT 10632 BOLSA AVENUE, GARDEN GROVE (F: 60.1)

Following staff's presentation, Mayor Nguyen declared the Public Hearing open and asked if anyone wished to address the City Council on the matter.

Speakers: None

There being no response from the audience, the Public Hearing was declared closed.

It was moved by Council Member Jones, seconded by Council Member Phan that:

Resolution No. 9362-16 entitled A Resolution of the City Council of the City of Garden Grove approving the issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an aggregate principal amount not to exceed \$15,000,000 for the purpose of financing or refinancing the acquisition, rehabilitation, improvement and equipping of the Sycamore Court project and certain other matters relating thereto, be adopted.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Nguyen, Jones, Phan  
Noes: (0) None

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9362-16

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF  
MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT  
NOT TO EXCEED \$15,000,000 FOR THE PURPOSE OF FINANCING OR  
REFINANCING THE ACQUISITION, REHABILITATION, IMPROVEMENT AND  
EQUIPPING OF THE SYCAMORE COURT PROJECT AND CERTAIN OTHER MATTERS  
RELATING THERETO

WHEREAS, 10632 Bolsa Avenue, LP, a California limited partnership ("Borrower"), has requested that the California Public Finance Authority ("CalPFA") participate in the issuance of one or more series of revenue bonds issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, in an aggregate principal amount not to exceed \$15,000,000 ("Bonds") for the acquisition, rehabilitation, improvement and equipping of a 77-unit multifamily rental housing project located at 10632 Bolsa Avenue, Garden Grove, California, generally known as the Sycamore Court Project ("Project") and operated by Mariman and Company;

WHEREAS, the Project is located within the City of Garden Grove ("City");

WHEREAS, the City proposes to become an Additional Member of the CalPFA pursuant to Section 12 of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority, dated as of May 12, 2015 ("Agreement");

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended ("Code"), the issuance of the Bonds by the CalPFA must be approved by the City because the Project is located within the territorial limits of the City;

WHEREAS, the City Council of the City ("City Council") is the elected legislative body of the City and is one of the "applicable elected representatives" required to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, the CalPFA has requested that the City Council approve the issuance of the Bonds by the CalPFA in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 12 of the Agreement; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a Public Hearing, including accepting and considering oral and written testimony, regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the CalPFA.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Garden Grove as follows:

Section 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The City hereby requests to become an Additional Member of the CalPFA pursuant to Section 12 of the Agreement. The Agreement is hereby approved and the Mayor of the City and all other proper officers and officials of the City, or a designee thereof, are hereby authorized and directed to execute the Agreement.

Section 3. The City Council hereby approves the issuance of the Bonds by the CalPFA. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds by the CalPFA, for the purposes of (i) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f); and (ii) Section 12 of the Agreement.

Section 4. The issuance of the Bonds shall be subject to the approval of the CalPFA of all financing documents relating thereto to which the CalPFA is a party. The City shall have no responsibility or liability, financially, legally, ethical or otherwise, whatsoever with respect to the Bonds. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No monies of the City will be pledged or applied to the repayment of the Bonds.

Section 5. The adoption of this Resolution shall not obligate the City, nor any department of the City, nor any other governmental entity formed or governed by the City, including without limitation the Garden Grove Housing Authority, to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds or in kind consideration whatsoever to the CalPFA; or (iv) take any further action with respect to the CalPFA or its membership therein.

Section 6. The officers of the City, in particular the City Manager and his authorized representatives, are hereby authorized and directed, jointly and severally, to do and take any and all actions necessary to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to, and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

Section 7. This Resolution shall take effect immediately upon its adoption; and the City Clerk shall certify to its adoption.

Adopted this 24<sup>th</sup> day of May 2016.

ATTEST:

/s/ BAO NGUYEN  
MAYOR

/s/ KATHLEEN BAILOR, CMC  
CITY CLERK

STATE OF CALIFORNIA    )  
COUNTY OF ORANGE    ) SS:  
CITY OF GARDEN GROVE )

I, KATHLEEN BAILOR, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on the 24<sup>th</sup> day of May 2016, by the following vote:

AYES:    COUNCIL MEMBERS:   (5) BEARD, BUI, JONES, PHAN, NGUYEN  
NOES:    COUNCIL MEMBERS:   (0) NONE  
ABSENT:  COUNCIL MEMBERS:   (0) NONE

/s/ KATHLEEN BAILOR, CMC  
CITY CLERK

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott Stiles From: Lisa Kim  
Dept.: City Manager Dept.: Community and Economic Development  
Subject: Adoption of a Resolution approving issuance of Bonds by the California Public Finance Authority (CalPFA) for the benefit of 10632 Bolsa Avenue, LP to assist with financing for the Housing Project located at 10632 Bolsa Avenue, Garden Grove. (*Action Item*) Date: 5/24/2016

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OBJECTIVE

The purpose of this memorandum is to request that the City Council conduct a Public Hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, and adopt a Resolution approving the issuance of Bonds by the California Public Finance Authority (CalPFA) for the benefit of 10632 Bolsa Avenue, LP to provide for the financing of the acquisition and rehabilitation of a 77-unit affordable housing apartment project for families (Project). This Project is located at 10632 Bolsa Avenue, Garden Grove. Adoption of the resolution is solely to satisfy the requirements of TEFRA, the Code, and California Government Code Section 6500 (and following). The Resolution also includes authorization for the City of Garden Grove to join the CalPFA as an additional member.

BACKGROUND

10632 Bolsa Avenue, LP has requested that the CalPFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$15,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used for the acquisition, construction, improvement, and equipping of the Project, to be owned and operated by Mariman & Company as the Borrower. In order for all, or a portion of, the Bonds to qualify as tax-exempt bonds, the City must conduct a Public Hearing (the "TEFRA Hearing") providing members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected

representative" (in this case, City Council) of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

### DISCUSSION

The Project is an existing affordable housing community with 77 one-, two-, and three-bedroom apartments for large families and seniors earning at, or below, 60% of the area median income (the Garden Grove Manor Apartments). The Bonds will be used to finance the acquisition and rehabilitation of the Project. The rehabilitation is expected to include new exterior wood siding/fascia/mansard with modern durable materials, replacement of deteriorating ground floor patio fencing, replacement/repair of wood trellis surrounding the community building, remodeling the community building and laundry room, replacement of deteriorating carport roofs, repainting of exterior buildings and metal railings, updating balcony drainage, landscaping improvements, railing/flooring repairs, and interior upgrades including new windows, kitchens, baths, flooring, paint, appliances and window coverings. The Project amenities include a swimming pool, clubhouse, and carports. The acquisition and rehabilitation will extend the affordability of the property for 55 years. The Bonds to be issued by the CalPFA for the Project will be the sole responsibility of Mariman & Company, and the City will have no financial or legal obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

### FINANCIAL IMPACT

Through its conduit issuance activities, the CalPFA shares a portion of the annual fees it receives with its member communities. With respect to the City, it is expected that a portion of the annual fee will be granted by the CalPFA to the City's General Fund. This grant may be used for any lawful purpose of the City.

### RECOMMENDATION

Staff recommends that the City Council:

- Conduct a Public Hearing, accept comments, regarding the adoption of the resolution approving the issuance of Bonds by the California Public Finance Authority for the benefit of 10632 Bolsa Avenue, LP to provide for the financing of a 77-unit affordable apartment project for families and seniors located at 10632 Bolsa Avenue, Garden Grove; and
- Adopt the attached Resolution authorizing the issuance of tax-exempt revenue bonds by California Public Finance Authority and authorizing the City of Garden Grove to join the California Public Finance Authority as an additional member.

By: Allison Mills, Neighborhood Improvement Manager

**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Resolution	4/6/2016	Cover Memo	4-12-16_TEFRA_Hearing.doc