

PUBLIC HEARING – ADOPTION OF A RESOLUTION APPROVING THE ISSUANCE OF BONDS BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY (CALPFA) FOR THE BENEFIT OF 10632 BOLSA AVENUE, LP TO ASSIST WITH THE FINANCING FOR THE EXISTING 78-UNIT MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT, SYCAMORE COURT LOCATED AT 10632 BOLSA AVENUE, GARDEN GROVE, CALIFORNIA (F: 117.17F)

Following staff presentation and City Council discussion:

Mayor Jones declared the Public Hearing open and asked if anyone wished to address the City Council on the matter.

Speakers: None.

With no response from the audience, Mayor Jones closed the Public Hearing.

It was moved by Mayor Jones, seconded by Council Member K. Nguyen that: Resolution No. 9415-17, 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 Apartments project and certain other matters relating thereto, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes:	(7)	Beard, O'Neill, T. Nguyen, Bui, Klopfenstein, K. Nguyen, Jones
Noes:	(0)	None

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Lisa Kim
Dept.: City Manager Dept.: Community and Economic
Development
Subject: Adoption of a Resolution Date: 5/9/2017
approving the issuance of
Bonds by the California
Public Finance Authority
(CalPFA) for the benefit of
10632 Bolsa Avenue, LP to
assist with the financing for
the existing 78-unit
multifamily affordable
housing development,
Sycamore Court located at
10632 Bolsa Avenue, Garden
Grove, California. (*Action
Item*)

OBJECTIVE

The purpose of this report is to request that the City Council conduct a Public Hearing under the requirements of Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") and the Internal Revenue Code of 1986, as amended, regarding the adoption of a resolution approving the issuance of Bonds by the California Public Finance Authority ("CalPFA") for the benefit of 10632 Bolsa Avenue, LP ("Developer") to assist with the financing for the existing 78-unit multifamily affordable housing development called Sycamore Court located at 10632 Bolsa Avenue, Garden Grove, California ("Project"). This Public Hearing and resolution are solely for the purposes of satisfying the requirements of TEFRA, the Code, and California Government Code Section 6500, *et seq.*

BACKGROUND

The Developer has requested that the CalPFA serve as the municipal issuer of certain tax-exempt revenue bonds ("Housing Bonds") in an aggregate principal amount not to exceed \$15,000,000. The proceeds of the Housing Bonds will be used for the acquisition, substantial rehabilitation and equipping of the Project to be owned and operated by the Developer as the "Borrower".

In order for all, or a portion of, the Housing Bonds to qualify as tax-exempt bonds, the City must conduct a Public Hearing (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 proposed 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 proposed Project must provide its approval of the issuance of the Housing Bonds for the financing of the proposed Project. A TEFRA Hearing was previously held on May 24, 2016, before the City Council after which hearing the City Council approved Resolution No. 9362-16 approving the issuance of the Housing Bonds by the CalPFA. The Housing Bonds have not yet been issued and the prior approvals will expire on May 24, 2017; therefore, another TEFRA Hearing is requested to extend the timeline for the issuance of the Housing Bonds for the Project.

DISCUSSION

The proposed Project will be an affordable housing community and provide 78 apartments for Low and Very Low Income households. The proposed Project will be acquired, developed and owned by 10632 Bolsa Avenue, LP.

The Housing Bonds to be issued by the CalPFA for the proposed Project will be the sole responsibility of 10632 Bolsa Avenue, LP, and the City will have no financial, legal, moral obligation, liability nor responsibility for the Project or the repayment of the Housing Bonds for the financing of the Project. All financing documents with respect to the issuance of the Housing Bonds will contain clear disclaimers that the Housing Bonds are not and shall never become obligations of the City nor the Housing Authority nor the State of California, but are to be paid solely from funds provided by 10632 Bolsa Avenue, LP as the Borrower.

FINANCIAL IMPACT

There is no financial impact to the City; as noted, the City itself is not a party to the underlying financing, is not issuing the Housing Bonds, is not obligated to repay the Housing Bonds, and is not pledging or otherwise committing any of the City's (or Housing Authority's) revenue or other assets to secure repayment of the Housing Bonds. The Housing Bonds are payable solely from revenue received pursuant to the terms and provisions of certain financing agreements to be executed by 10632 Bolsa Avenue, LP as the Borrower. As a part of such financing documents, 10632 Bolsa Avenue, LP as the Borrower will agree to provide comprehensive indemnification of the CalPFA and its members, including the City.

RECOMMENDATION

Staff recommends that the City Council:

- Conduct a Public Hearing, accept and consider comments and any oral and written testimony, regarding the adoption of the resolution approving the issuance of the Housing Bonds by the CalPFA for the benefit of 10632 Bolsa Avenue, LP to provide for the financing of the proposed Project, a 78-unit affordable housing development located at 10632 Bolsa Avenue, Garden Grove; and
- Adopt the attached City Council Resolution in favor of the issuance of the

Housing Bonds by the CalPFA.

By: Allison Wilson, Neighborhood Improvement Manager

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution	5/4/2017	Cover Memo	5-9-17_Final_TEFRA_Resolution_and_Public_Notice_Sycamore_Court.pdf
Public Hearing Notice	4/27/2017	Cover Memo	Public_Hearing_-TEFRA_-Sycamore_Court_(City_of_Garden_Grove).pdf

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9415-17

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 APARTMENTS PROJECT AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the City of Garden Grove is a California municipal corporation and general law city ("City");

WHEREAS, 10632 Bolsa Avenue, LP, a California limited partnership ("Borrower"), has requested that the California Public Finance Authority ("CalPFA") adopt a plan of financing providing for 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 ("Housing Bonds") for the acquisition, rehabilitation, improvement and equipping of a 78-unit multifamily rental housing project located at 10632 Bolsa Avenue, Garden Grove, California, generally known as the Sycamore Court Apartments Project ("Project") and operated by QRM Corp.;

WHEREAS, the federal Tax Equity and Fiscal Responsibility Act ("TEFRA"), Section 147(f) of the Internal Revenue Code of 1986, as amended ("IRS Code"), requires that a TEFRA hearing be duly noticed and held in connection with approval of the subject Housing Bonds and in order for the interest on such bonds be tax-exempt;

WHEREAS, a TEFRA hearing is to be conducted by the "applicable elected representative" of the governmental unit in the geographic jurisdiction where the Project is located that is to be financed with the proceeds of the Housing Bonds, and CalPFA has determined that this City Council is the "applicable elected representative" for purposes of holding the TEFRA hearing;

WHEREAS, the CalPFA has requested that the City Council approve the issuance of the Housing 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 Joint Exercise of Powers Agreement Relating to the California Public Finance Authority, dated as of May 12, 2015 ("JPA Agreement"), among certain local agencies, including the City;

WHEREAS, legal notice of such TEFRA Public Hearing has been duly given as required by the IRS Code, and this City Council has held the TEFRA hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing or refinancing of the Project, including testimony or information in favor, against or neutral, and the CalPFA's issuance of the Housing Bonds; and

WHEREAS, it is in the public interest and for the public benefit that the City Council approves the issuance of the Housing Bonds by the CalPFA for such public purposes.

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 Council approves the issuance of the Housing Bonds by the CalPFA. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Housing Bonds (a) by the "applicable elected representative" of the governmental unit having jurisdiction over the area in which the Project is located in accordance with Section 147(f) of the IRS Code and (b) by the City Council in accordance with Section 12 of the JPA Agreement.

Section 3. The issuance of the Housing 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 of Garden Grove shall have no responsibility or liability, financially, legally, ethically or otherwise, whatsoever with respect to the Housing Bonds. The City does not warrant the creditworthiness of the Housing Bonds or guarantee, in any way, the payment of the Housing Bonds. No moneys of the City will be pledged or applied to the repayment of the Housing Bonds.

Section 4. The adoption of this Resolution shall not obligate the City, or any department of the City, or 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, rehabilitate or complete the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any land use or planning approval, permit or other action necessary for the acquisition, rehabilitation 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 5. The Mayor, City Clerk and other officials and 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 6. This Resolution shall take effect immediately upon its adoption and the City Clerk shall certify to its adoption.

Adopted this 9th day of May 2017.

ATTEST:

/s/ STEVEN R. JONES
MAYOR

/s/ TERESA POMEROY, CMC
CITY CLERK

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

I, TERESA POMEROY, 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 May 9, 2017, by the following vote:

AYES:	COUNCIL MEMBERS:	(7)	BEARD, O'NEILL, NGUYEN T., BUI, KLOPFENSTEIN, NGUYEN K., JONES
NOES:	COUNCIL MEMBERS:	(0)	NONE
ABSENT:	COUNCIL MEMBERS:	(0)	NONE

/s/ TERESA POMEROY, CMC
CITY CLERK

DECLARATION OF PUBLICATION

(2015.5 C.C.P.)

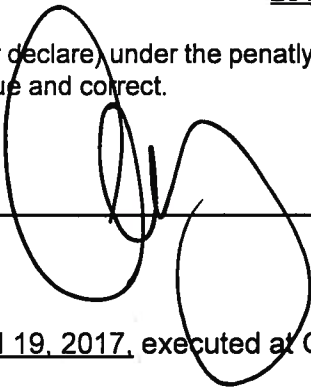
STATE OF CALIFORNIA,)
COUNTY OF ORANGE)

I AM A CITIZEN OF THE UNITED STATES AND A RESIDENT OF THE AFORESAID COUNTY; I AM OVER THE AGE OF EIGHTEEN YEARS AND NOT A PARTY TO OR INTERESTED IN THE ABOVE ENTITLED MATTER. I AM THE PRINCIPLE CLERK OF THE ORANGE COUNTY NEWS, A NEWSPAPER OF GENERAL CIRCULATION PRINTED AND PUBLISHED TWICE WEEKLY IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, WEST JUDICIAL DISTRICT, AND WHICH NEWSPAPER HAS BEEN ADJUDGED A NEWSPAPER OF GENERAL CIRCULATION BY THE SUPERIOR COURT OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, UNDER THE DATE OF 3/20/64 CASE #A31502 THAT THE NOTICE, OF WHICH THE ANNEXED IS A PRINTED COPY, HAS BEEN PUBLISHED BY DISTRIBUTION IN EACH REGULAR AND ENTIRE ISSUE OF SAID NEWSPAPER AND NOT IN ANY SUPPLEMENT THEREOF ON THE FOLLOWING DATES, TO WIT:

April 19,

all in the year
2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.



signature

Date: April 19, 2017, executed at GARDEN GROVE, California

THIS SPACE IS FOR THE COUNTY CLERK'S STAMP

CITY OF GARDEN GROVE
NOTICE OF PUBLIC HEARING
REGARDING PROPOSED ISSUANCE OF UP TO
\$15,000,000 OF MULTI-FAMILY HOUSING REVENUE BONDS
FOR SYCAMORE COURT APARTMENTS

NOTICE IS HEREBY GIVEN that on Tuesday, May 9, 2017, at 6:30 p.m. or as soon thereafter as the matter can be heard, the City Council of the City of Garden Grove ("City Council") will conduct a Public Hearing at the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California. The City Council will conduct the Public Hearing under the provisions of the Tax Equity and Fiscal Responsibility Act ("TEFRA") under Section 147(f) of the Internal Revenue Code of 1986, as amended, at which the City Council will consider information and testimony about the proposed plan of financing providing for the issuance by the California Public Finance Authority ("CalPFA") of its multi-family housing revenue bonds in one or more series issued from time to time, including bonds to refund such revenue bonds in one or more series from time to time, in an amount not to exceed Fifteen Million Dollars (\$15,000,000.00) ("Housing Bonds").

~~The proceeds from the issuance and sale of the Housing Bonds, if issued, are intended to be used as follows: (1) to finance the acquisition and rehabilitation of an existing 78-unit multifamily affordable housing development called Sycamore Court located at 10632 Bolsa Avenue, Garden Grove, California ("Project"); and (2) to pay certain expenses incurred in connection with the issuance of the Housing Bonds by CalPFA. The Project is to be owned by a limited partnership entity, 10632 Bolsa Avenue, LP or related entities ("Developer" and "Borrower") and operated by QRM Corp. The Developer desires to obtain this tax-exempt financing for the Project.~~

This TEFRA Public Hearing is required to be held by the governing body of the jurisdiction in which the Project to be financed is located; thus, the City Council is that governing body that must hold this Public Hearing, receive and consider information and testimony, and take action on a resolution that would approve the issuance by CalPFA of the proposed Housing Bonds. CalPFA is a joint powers authority formed to assist non-profit organizations, local governments, and businesses with the issuance of both taxable and tax-exempt debt.

If issued, the Housing Bonds would provide tax-exempt financing to the Developer for the Project; however, the obligation to pay principal of and interest on and any redemption premium with respect to the Housing Bonds do not, and will not, constitute indebtedness or an obligation of the City of Garden Grove, the Garden Grove Housing Authority, CalPFA, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Housing Bonds will and shall remain a limited obligation of CalPFA payable solely from certain revenues duly pledged therefor and generally representing amounts paid by 10632 Bolsa Avenue, LP, a California limited partnership as the Borrower and Developer of the Project.

Interested persons wishing to express their views, whether in favor, against or neutral, about the proposed issuance of the Housing Bonds by CalPFA or about the project that would be financed by the Housing Bonds, whether for, against or neutral, may attend the Public Hearing or, prior to the time of the hearing, may submit written comments to the City Clerk, City Hall, 11222 Acacia Parkway, P.O. Box 3070, Garden Grove, California 92842-3070.

If you wish to challenge the City Council's action on this matter in court, you may be limited to raising only those issues you or someone else raised at the meeting described in this Notice, or in written correspondence delivered to the City Clerk's Office at or prior to the Public Hearing on May 9, 2017.

/s/ TERESA POMEROY, CMC

CITY CLERK

Dated: April 18, 2017

Published: April 19, 2017

Orange County News

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