



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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October 7, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing; and adopt the attached Resolution approving the issuance of revenue bonds by the California Municipal Finance Authority (CMFA) to benefit a limited partnership sponsored by Volunteers of America National Services, in an amount not to exceed \$13,000,000. (District 1)

DISCUSSION

Volunteers of America National Services (VOANS), a subsidiary of Volunteers of America, Inc., is a human service organization founded in 1896, owns and operates nursing care facilities providing skilled nursing, convalescent and rehabilitative care; apartments for the elderly that provide a secured independent living environment and supportive services; assisted-living programs to elderly residents who can no longer live in an independent environment; and, various human service programs throughout the United States. VOANS also develops and manages subsidized and affordable housing throughout the country. VOANS has requested that CMFA issue bonds on its behalf in an aggregate amount not to exceed \$13,000,000. The CMFA is a joint exercise of powers authority, consisting of over 175 California cities, counties, and special districts, whose mission is to support economic development, job creation and social programs throughout the State of California, while giving back to California communities.

The CMFA will issue tax-exempt debt, the proceeds of which will be loaned to Sea Mist VOA Affordable Housing, L.P., a California limited partnership, for the purpose of financing the acquisition and rehabilitation of a 75-unit multi-family senior rental housing facility located in the City at 1451 Atlantic Avenue, known as Sea Mist Towers (Project). The project, originally constructed in 1993, will be rehabilitated to address building systems, finishes, common areas, and accessibility. The project will remain affordable to low-income seniors for a period of 55 years, beginning at the completion of rehabilitation, which extends the current affordability period by 19 years. Revenues from the project to be financed will be the source of funds to repay the tax-exempt debt.

The Internal Revenue Code requires that CMFA seek approval from the City Council in order for bonds to be issued which will benefit facilities within the City. As required by Federal tax law, a TEFRA public hearing notification was published in the Press-Telegram on August 26, 2014. The TEFRA hearing was held on September 11, 2014 at 9:00 a.m. The public hearing was conducted by the City Treasurer in the sixth floor conference room of City Hall. No public comment was presented at the hearing.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Management Officer Victoria Bell on September 17, 2014.

TIMING CONSIDERATIONS

City Council action is requested on October 7, 2014 to facilitate CMFA's forthcoming debt issuance.

FISCAL IMPACT

There is no fiscal impact associated with this action. The City has no financial obligation or liability associated with this financing. No City funds or taxing authority will be pledged in support of this financing. This project will provide continued support to our local economy by providing up to 16 jobs for a ten-month period.

SUGGESTED ACTION:


Approve recommendation.

Respectfully submitted,


JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT


AMY J. BODEK
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:


PATRICK H. WEST
CITY MANAGER

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE ISSUANCE OF
5 MULTIFAMILY HOUSING REVENUE BONDS BY THE
6 CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE
7 PURPOSE OF FINANCING THE ACQUISITION AND
8 REHABILITATION OF A MULTIFAMILY RENTAL HOUSING
9 FACILITY KNOWN AS SEA MIST TOWERS
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11 WHEREAS, pursuant Chapter 5 of Division 7 of Title 1 of the Government
12 Code of the State of California (the "Act"), certain public agencies (the "Members") have
13 entered into a Joint Exercise of Powers Agreement, effective on January 1, 2004 (the
14 "Agreement") in order to form the California Municipal Finance Authority (the "Authority"),
15 for the purpose of promoting economic, cultural and community development, and in
16 order to exercise any powers common to the Members, including the issuance of bonds,
17 notes, or other evidences of indebtedness; and

18 WHEREAS, the City of Long Beach (the "City") is a member of the
19 Authority; and

20 WHEREAS, the Authority is authorized to issue and sell revenue bonds for
21 the purpose, among others, of financing or refinancing the acquisition, construction and
22 rehabilitation of multifamily rental housing projects; and

23 WHEREAS, Volunteers of America National Services ("VOANS") has
24 requested that the Authority issue one or more series of revenue bonds in an aggregate
25 principal amount not to exceed \$13,000,000 (the "Bonds"), and lend the proceeds of the
26 Bonds to Sea Mist VOA Affordable Housing, L.P., a California limited partnership (the
27 "Borrower") for the purpose of financing the costs of the acquisition and rehabilitation of a
28 75-unit multifamily residential rental facility located at 1451 Atlantic Avenue (also known

1 as 550 East New York Street) in the City known as Sea Mist Towers (the "Project"), to be
2 owned by the Borrower and to be operated initially by VOANS; and

3 WHEREAS, in order for the interest on Bonds to be tax-exempt, section
4 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") requires that an
5 "applicable elected representative" of the governmental unit, the geographic jurisdiction of
6 which contains the site of Project to be financed with the proceeds of the Bonds, approve
7 the issuance of the Bonds following a public hearing regarding the financing of the
8 Project; and

9 WHEREAS, the Authority has determined that the City Treasurer is an
10 acceptable party to hold the public hearing regarding the Project, and that the City
11 Council is an "applicable elected representative" for purposes of approving the issuance
12 of the Bonds by the Authority; and

13 WHEREAS, the Authority has requested that the City Treasurer hold the
14 public hearing and that the City Council approve the issuance of the Bonds by the
15 Authority in order to satisfy the public approval requirements of section 147(f) of the Code
16 and the requirements of Section 4 of the Agreement; and

17 WHEREAS, notice of a public hearing for the proposed financing has been
18 duly given as required by the Code, and on September 11, 2014 the City Treasurer held
19 the public hearing at which all interested persons were given an opportunity to be heard
20 on all matters relative to the financing of the Project and the Authority's issuance of the
21 Bonds, and a summary of any oral or written testimony received at the public hearing has
22 been presented to the City Council for its consideration; and

23 WHEREAS, it is in the public interest and for the public benefit that the City
24 Council approve the issuance of the Bonds by the Authority for the aforesaid purposes;

25 NOW, THEREFORE, the City Council of the City of Long Beach hereby
26 resolves as follows:

27 Section 1. The City Council hereby approves the issuance of the Bonds
28 by the Authority for the purpose of providing funds to make a loan to the Borrower to

1 enable the Borrower to finance costs of the Project. It is the purpose and intent of the City
2 Council that this Resolution constitute approval of the issuance of the Bonds by the
3 Authority for the purposes of: (a) section 147(f) of the Code, by the applicable elected
4 representative of the governmental unit having jurisdiction over the area in which the
5 Project is located, in accordance with section 147(f) of the Code, and (b) Section 4 of the
6 Agreement.

7 Section 2. The issuance of the Bonds shall be subject to approval of the
8 Authority of all financing documents relating thereto to which the Authority is a party. The
9 City shall have no responsibility or liability whatsoever with respect to repayment or
10 administration of the Bonds.

11 Section 3. The adoption of this Resolution shall not obligate the City or
12 any department thereof to (a) provide any financing to acquire or rehabilitate the Project;
13 (b) approve any application or request for or take any other action in connection with any
14 planning approval, permit or other action necessary for the acquisition, rehabilitation or
15 operation of the Project; (c) make any contribution or advance any funds whatsoever to
16 the Authority; or (d) take any further action with respect to the Authority or its membership
17 therein.

18 Section 4. The City Manager, the City Treasurer, the City Clerk and all
19 other officers and officials of the City are hereby authorized and directed to do any and all
20 things and to execute and deliver any and all agreements, documents and certificates
21 which they deem necessary or advisable in order to carry out, give effect to and comply
22 with the terms and intent of this Resolution and the financing transaction approved
23 hereby.

24 Section 5. This resolution shall take effect immediately upon its adoption
25 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY
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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2014 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk