

**CITY OF LONG BEACH**

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

December 2, 2003

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

SUBJECT: Adoption of Resolution Authorizing the City's Intent to Issue Tax-Exempt Multifamily Housing Revenue Bonds in an Amount not to Exceed \$11 Million and Authorizing Other Related Actions (District 1)

**DISCUSSION**

The Long Beach Redevelopment Agency (RDA) is pursuing the development of the West Gateway project in the Downtown and Central Redevelopment Project Areas. The RDA has entered into Exclusive Negotiating Agreements with four developers for the development of various sites in the West Gateway area. Among the developers is Jamboree Housing Corp., a non-profit affordable housing developer that has been selected to develop an affordable workforce housing project on Site No. 1 of the West Gateway (Jamboree Housing Site). The RDA and the Long Beach Housing Development Company (LBHDC) are working jointly on the acquisition and development of the Jamboree Housing Site and have taken a number of actions.

In February 2003, the RDA considered and approved a series of recommendations. Among the recommendations, the RDA approved and directed staff to: (1) pursue the assemblage of Site No. 1 for the development of a 100 percent affordable housing development using housing set-aside funds; (2) prepare an exclusive negotiation agreement with Jamboree Housing Corp. for Site No. 1; and (3) undertake neighborhood stakeholder meetings for all of the West Gateway development.

Also in February 2003, the LBHDC authorized its President to negotiate the acquisition of Site No. 1 parcels, allocated funds for the assemblage of the site, and authorized its President to execute a Memorandum of Agreement with the RDA to facilitate the acquisition of Site No. 1. In June 2003, the LBHDC further authorized its President to enter into an Agreement to Negotiate Exclusively with the RDA and Jamboree Housing Corp. for the development of the Jamboree Housing Site.

HONORABLE MAYOR AND CITY COUNCIL

December 2, 2003

Page 2

Staff is currently working with Jamboree Housing Corp. on the particulars of the project, including the design, size and quantity of units, and development of a financing plan. Several financing scenarios that include low-income housing tax credits and Tax-Exempt Multifamily Mortgage Revenue Bonds are being considered. In the event that bonds are selected as the most feasible financing for the project, it is necessary for the City to indicate its intent to issue conduit bonds as early as possible to ensure that all eligible project costs, such as acquisition, relocation, legal, site preparation, construction, and financing costs, can be included in the future bond award. If ultimately issued, future conduit bonds will be serviced from the project's cash flow, with no liability to the City. City Council action at this point serves to facilitate the next steps in the process, and is not a final approval to sell bonds to finance the project. The authority to actually issue bonds will be requested at a future date.

Pursuant to current City policy and state law, on December 2, 2003, a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing was conducted in the office of the City Treasurer regarding the potential issuance by the City of \$11 million in Tax-Exempt Multifamily Mortgage Revenue Bonds for the financing of the Jamboree Housing Project.

This letter was reviewed by Deputy City Attorney Everett L. Glenn on November 17, 2003, Budget Bureau Manager Michael Killebrew on November 21, 2003, and City Treasurer James Sadro on November 17, 2003.

TIMING CONSIDERATIONS

City Council action is requested on December 2, 2003, to ensure that all eligible project costs can be included in a future bond award.

FISCAL IMPACT

There are no direct City costs, other than staff time, related to the recommended action. If bonds are issued, the developer will repay the debt with revenue from project rents.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Adopt the attached Resolution authorizing the City's intent to issue Tax-Exempt Multifamily Mortgage Revenue Bonds for the Jamboree Housing Project in an amount not to exceed \$11 million and authorizing other related actions approving and authorizing related documents, official actions and matters; and
2. Authorize the City Manager to execute all documents necessary to complete this transaction.

Respectfully submitted,

  
Ms MELANIE S. FALLON  
DIRECTOR OF COMMUNITY DEVELOPMENT

  
ROBERT S. TORREZ  
DIRECTOR OF FINANCIAL MANAGEMENT

MSF/BS/JG/pcu  
J:\Share\City Council Items\2003\December 2 bondintent.ccltr V4.doc

Attachment

APPROVED:

  
for GERALD R. MILLER  
CITY MANAGER

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**RESOLUTION NO. C-28299**

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH EXPRESSING THE CITY'S INTENT  
TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS FOR  
THE ACQUISITION AND CONSTRUCTION OF  
MULTIFAMILY RESIDENTIAL RENTAL APARTMENTS BY  
JAMBOREE HOUSING CORPORATION, AND APPROVING  
RELATED ACTIONS**

WHEREAS, the City of Long Beach (the "City") is authorized by Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"), to issue and sell revenue bonds for the purpose of providing financing for the acquisition and construction of multifamily rental housing facilities located within the City to be occupied in part by low income tenants; and

WHEREAS, Jamboree Housing Corporation (the "Developer") has requested the City to issue revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the acquisition and construction by the Developer of a proposed 65 unit multifamily residential rental housing project (the "Project") to be constructed on a site which is generally located on the north side of Third Street between Maine Avenue and Golden Avenue in the City, currently consisting of seven properties with the following street addresses: 715,721, 725,729,733 and 745 West Third Street, and 301-307 Maine Avenue; and

WHEREAS, it is intended that the interest on the Bonds be excluded from gross income for federal tax purposes; and

WHEREAS, the Bonds will be considered to be "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 147(f) of the Code requires that the "applicable elected

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 representative" with respect to the City approve the issuance of the Bonds following a  
2 public hearing on the Bonds, in order for the interest on the Bonds to be tax-exempt; and

3 WHEREAS, this City Council is the applicable elected representative of the  
4 City for purposes of the Code; and

5 WHEREAS, a notice of said public hearing has been duly given as required  
6 by the Code, and the City Treasurer has heretofore held such public hearing at which all  
7 such interested persons were given an opportunity to be heard on all matters relative to the  
8 location, operation and financing of the Project and the City's issuance of the Bonds  
9 therefor, and a summary of any oral or written testimony received at the public hearing has  
10 been presented to the City Council for its consideration; and

11 WHEREAS, the City Council now desires express its intent to issue the  
12 Bonds and to direct the City's Director of Community Development to take all actions  
13 necessary to apply for a private activity bond allocation for the Project from the California  
14 Debt Limit Allocation Committee ("CDLAC").

15 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
16 follows:

17 Section 1. The City intends to issue the Bonds in a principal amount not to  
18 exceed \$11,000,000 for the purpose of making a loan to the Owner to finance costs of the  
19 acquisition and construction of the Project by Developer.

20 Sec. 2. The City Council directs the Director of Community  
21 Development to take all actions necessary or desirable to obtain an allocation for the  
22 issuance of private activity bonds for the Project from CDLAC in the aggregate amount of  
23 not to exceed \$11,000,000 (the "Allocation") The Director of Community Development shall  
24 take all actions required or desirable under the procedures of CDLAC and Chapter 11.8  
25 of Division 1 of Title 2 (commencing with Section 8869.80) of the California Government  
26 Code to apply for the Allocation from CDLAC. In accordance with the procedures of  
27 CDLAC concerning a deposit, the City shall obtain the deposit required by CDLAC from  
28 moneys made available by the Developer. The Director of Community Development is



Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH AUTHORIZING THE ISSUANCE  
OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE  
PURPOSE OF FINANCING THE ACQUISITION AND  
CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING  
PROJECT TO BE KNOWN AS JAMBOREE WEST  
GATEWAY APARTMENTS, AND APPROVING OTHER  
RELATED DOCUMENTS AND ACTIONS

WHEREAS, pursuant to Chapter 7 of Part 5 of Division 31 of the  
California Health and Safety Code, as amended (the "Act"), the City of Long Beach (the  
"City") is authorized to issue revenue bonds for the purpose of financing the acquisition,  
construction, rehabilitation, refinancing, or development of multifamily rental housing  
and for the provision of capital improvements in connection with and determined  
necessary to the multifamily rental housing; and

WHEREAS, Jamboree Housing Corporation (the "Corporation"), has  
requested that the City issue revenue bonds to finance the acquisition and construction  
by Jamboree West Gateway L.P., a California limited partnership (the "Borrower") of a  
proposed 64 unit multifamily rental housing facility to be located at 745 West Third  
Street in the City (the "Project"); and

WHEREAS, the City Council of the City (the "City Council") has  
determined to approve the issuance by the City of up to \$11,000,000 principal amount

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 of the City of Long Beach Multifamily Housing Revenue Bonds (Jamboree West  
2 Gateway Apartments) as provided below (the "Bonds") and the financing of a mortgage  
3 loan to be made to the Borrower from the proceeds of the Bonds to be used to finance  
4 the Project (the "Mortgage Loan"); and

5 WHEREAS, in accordance with an allocation granted by the California  
6 Debt Limit Allocation Committee ("CDLAC") of bond authority for the Project on  
7 September 22, 2004, the Bonds may bear interest that is excluded from gross income  
8 for federal income tax purposes; and

9 WHEREAS, the issuance of the Bonds was preliminarily approved by the  
10 City Council by a resolution adopted on December 2, 2003 (the "Prior Resolution"), after  
11 publication of a notice of public hearing and the holding by the City Treasurer of the  
12 public hearing as required by the Internal Revenue Code of 1986, as amended (the  
13 "Code"); and

14 WHEREAS, the Bonds are expected to be issued after  
15 December 2, 2004, and, under the Code, if the issuance of the Bonds occurs more than  
16 one year after the holding of the public hearing, a new public hearing must be held with  
17 respect to the Project; and

18 WHEREAS, on the date hereof, the acting City Treasurer has held a new  
19 public hearing as required by the Code at which any interested party could be heard  
20 regarding the location, ownership, construction, operation or financing of the Project;  
21 and

22 WHEREAS, Washington Mutual Bank, FA, has expressed its intention to  
23 purchase the Bonds, and the City Council finds that the public interest and necessity  
24 require that the City at this time make arrangements for the sale of the Bonds; and



Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1                   WHEREAS, there have been prepared and have been placed on file with  
2 the City Attorney the following documents:

3                   (1)     the form of Indenture of Trust (the "Indenture"), by and between the  
4 City and Washington Mutual Bank, FA, as Bondowner Representative (the "Bondowner  
5 Representative"); and  
6

7                   (2)     the form of Loan Agreement (the "Loan Agreement"), by and  
8 between the City and the Borrower; and

9                   (3)     the form of Regulatory Agreement and Declaration of Restrictive  
10 Covenants (the "Regulatory Agreement"), by and between the City and the Borrower.

11                   WHEREAS, it appears that each of the documents listed above is in  
12 appropriate form and is an appropriate document to be executed and delivered for the  
13 purposes intended; and  
14

15                   WHEREAS, all conditions, things and acts required to exist, to have  
16 happened and to have been performed precedent to and in the issuance of the Bonds  
17 and the making of the Mortgage Loan as contemplated by this Resolution and the  
18 documents referred to herein exist, have happened and have been performed in due  
19 time, form and manner as required by the laws of the State of California, including the  
20 Act.  
21

22                   NOW, THEREFORE, the City Council of the City of Long Beach resolves  
23 as follows:

24                   Section 1. Finding and Determination. It is hereby found and determined  
25 that it is necessary and desirable for the City to provide for the financing of the  
26 acquisition and construction of the Project through the issuance and sale of the Bonds  
27 in order to assist persons of very low income within the City of Long Beach in obtaining  
28

1 decent, safe and sanitary housing. The City Council hereby finds that the Prior  
2 Resolution incorrectly stated in Section 3 thereof that the adoption of the Prior  
3 Resolution was solely for the purpose of satisfying the requirements of CDLAC, when  
4 the Prior Resolution was actually intended to express the City Council's intent to issue  
5 the Bonds for the Project as contemplated by the Code, and the Prior Resolution is  
6 hereby amended, nunc pro tunc, by deleting the first sentence of Section 3 thereof.

8           Sec. 2. Authorization of Bonds. For the purpose of financing the  
9 acquisition and construction of the Project, the City hereby determines to issue the  
10 Bonds in an aggregate principal amount not to exceed \$11,000,000. The Bonds shall  
11 bear such rates of interest and shall mature on such dates as provided in the Indenture.  
12 The Bonds shall be in substantially the form set forth in the Indenture, with such  
13 appropriate variations, omissions, insertions and provisions as are required or permitted  
14 by the Indenture. The Bonds shall be special, limited obligations of the City and shall  
15 be payable as to principal and interest, and the obligations of the City under the  
16 Indenture shall be paid and satisfied, solely from the revenues, receipts and other  
17 moneys and assets pledged therefor under the Indenture. The Bonds shall in no way  
18 be general obligations of the City.

21           Sec. 3. Execution, Delivery and Sale of the Bonds. The Bonds shall be  
22 executed on behalf of the City by the manual or facsimile signature of the Mayor, City  
23 Manager, Director of Financial Management or Treasurer, or any person serving as the  
24 acting Director of Financial Management or acting Treasurer (each being a "Designated  
25 Officer" and, collectively, the "Designated Officers"), and the official seal of the City, or a  
26 facsimile thereof, shall be impressed or imprinted thereon and attested with the manual  
27 or facsimile signature of the City Clerk or a Deputy City Clerk. The Bonds are hereby  
28

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 authorized to be sold to Washington Mutual Bank, FA, on the terms set forth in the  
2 Indenture and the Loan Agreement.

3           Sec. 4. Approval of the Indenture. The Indenture, in the form on file in  
4 the City Attorney's office, is hereby approved. The Designated Officers, each acting  
5 along, are hereby authorized to execute and deliver the Indenture in such form,  
6 together with such changes as may be approved by the Designated Officer executing  
7 the same, upon consultation with the City Attorney and Bond Counsel, such execution  
8 thereof to constitute conclusive evidence of the approval of all changes from the form of  
9 the Indenture approved by this Resolution.

10           Sec. 5. Approval of Loan Agreement. The Loan Agreement, in the form  
11 on file in the City Attorney's office, is hereby approved. The Designated Officers, each  
12 acting along, are hereby authorized to execute and deliver the Loan Agreement in such  
13 form, together with such changes as may be approved by the Designated Officer  
14 executing the same, upon consultation with the City Attorney and Bond Counsel, such  
15 execution thereof to constitute conclusive evidence of the approval of all changes from  
16 the form of the Loan Agreement approved by this Resolution.

17           Sec. 6. Approval of Regulatory Agreement. The Regulatory Agreement,  
18 in the form on file in the City Attorney's office, is hereby approved. The Designated  
19 Officers, each acting alone, are hereby authorized to execute and deliver the  
20 Regulatory Agreement in such form, together with such changes as may be approved  
21 by the Designated Officer executing the same, upon consultation with the City Attorney  
22 and Bond Counsel, such execution thereof to constitute conclusive evidence of the  
23 approval of all changes from the form of the Regulatory Agreement approved by this  
24 Resolution.

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1                   Sec. 7. The Bonds, when executed, shall be delivered to the Bondowner  
2 Representative for authentication. The Bondowner Representative is hereby requested  
3 and directed to authenticate the Bonds by executing the Bondowner Representative's  
4 certificate of authentication appearing thereon, and to deliver the Bonds, when duly  
5 executed and authenticated, to Washington Mutual Bank, FA, in accordance with  
6 written instructions executed and delivered on behalf of the City by a Designated  
7 Officer, which any Designated officer, acting alone, is hereby authorized and directed to  
8 execute and deliver to the Bondowner Representative. Such instructions shall provide  
9 for the delivery of the Bonds to Washington Mutual Bank, FA in accordance with the  
10 Indenture and the Loan Agreement, upon payment of the purchase price thereof.

11                   Sec. 8. Bond Counsel. The law firm of Quint & Thimmig LLP is hereby  
12 designated as Bond Counsel to the City for the Bonds. The City Attorney is hereby  
13 authorized to execute an agreement with said firm for its services with respect to the  
14 Bonds in a form acceptable to the City Attorney, provided that any and all  
15 compensation of Bond Counsel is payable solely from the proceeds of the Bonds or  
16 funds contributed by the Borrower.

17                   Sec. 9. Actions Ratified and Authorized. All actions heretofore taken by  
18 the officers and agents of the City with respect to the issuance and sale of the Bonds  
19 are hereby approved, confirmed and ratified, and the Designated Officers are each  
20 hereby authorized, for and in the name and on behalf of the City, to do any and all  
21 things and take any and all actions and execute and deliver any and all certificates,  
22 agreements and other documents, including but not limited to (a) a subordination and/or  
23 intercreditor agreement (in a form acceptable to the City Attorney), and (b) those  
24 certificates and other documents described in the Indenture or the Loan Agreement,  
25  
26  
27  
28

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 which they, or any of them, may deem necessary of advisable in order to consummate  
2 the lawful issuance and delivery of the Bonds and the making of the Mortgage Loan in  
3 accordance with the Act and this Resolution.

4           Sec. 10. Further Consents, Approvals and Other Actions. All consents,  
5 approvals, notices, orders, requests and other actions permitted or required by any of  
6 the documents authorized by this Resolution or otherwise appropriate in the  
7 administration of the Bonds and the lending program financed thereby, including  
8 without limitation any of the foregoing which may be necessary or desirable in  
9 connection with any amendment of such documents, any sale or transfer of the Project,  
10 any substitution of security for the Bonds, or any redemption of the Bonds may be taken  
11 or given by any of the Designated Officers, without further authorization by the City  
12 Council, and the Designated Officers are hereby authorized and directed to give any  
13 such consent, approval, notice, order or request and to take any such action which such  
14 officer may deem necessary or desirable to further the purposes of this Resolution.  
15

16           Sec. 11. Effective Date. This Resolution shall take effect from and after  
17 the date of its passage and adoption.

18           I hereby certify that the foregoing Resolution was adopted by the City

19  
20  
21 //  
22 //  
23 //  
24 //  
25 //  
26 //  
27 //  
28 //

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 Council of the City of Long Beach, at its meeting of November 16, 2004, by the  
2 following vote:

3 Ayes: Councilmembers: \_\_\_\_\_  
4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 \_\_\_\_\_  
7 \_\_\_\_\_

8 Noes: Councilmembers: \_\_\_\_\_  
9 \_\_\_\_\_

10 Absent: Councilmembers: \_\_\_\_\_  
11 \_\_\_\_\_  
12 \_\_\_\_\_  
13 \_\_\_\_\_  
14 \_\_\_\_\_  
15 \_\_\_\_\_  
16 \_\_\_\_\_  
17 \_\_\_\_\_  
18 \_\_\_\_\_  
19 \_\_\_\_\_  
20 \_\_\_\_\_  
21 \_\_\_\_\_  
22 \_\_\_\_\_  
23 \_\_\_\_\_  
24 \_\_\_\_\_  
25 \_\_\_\_\_  
26 \_\_\_\_\_

\_\_\_\_\_  
City Clerk