

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK

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JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer


July 29, 2010

To All Interested Parties:

City Attorney (w/ blue slip)

The City Council adopted the action(s), as attached, under Council file

No. 10-0914-S1, at its meeting held July 23, 2010.


City Clerk
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CITY OF LOS ANGELES

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FORTHWITH

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 10-0914-S1

COUNCIL DISTRICT 13

COUNCIL APPROVAL DATE JULY 23, 2010

RE: THE ISSUANCE OF TAX-EXEMPT MULTI-FAMILY MORTGAGE REVENUE NOTES FOR THE VENDOME PALMS APARTMENT PROJECT

LAST DAY FOR MAYOR TO ACT AUG 02 2010
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED

*DISAPPROVED

*Transmit objections in writing pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL JUL 27 2010

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MAYOR

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7/23/10

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 10-0914-S1

**FROM: COUNCILMEMBER HERB WESSON, CHAIR
COUNCILMEMBER RICHARD ALARCON, MEMBER
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE**

COMMUNICATION FROM CHAIR AND MEMBER, HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE and RESOLUTION relative to the issuance of tax-exempt multi-family mortgage revenue notes for the Vendome Palms Apartment Project.

Recommendations for Council action:

1. FIND that it is beneficial to the City to issue up to \$6.3 million in tax-exempt multi-family housing revenue notes for the Vendome Palms Apartments Project to provide 35 units of affordable housing for chronically homeless and mentally ill individuals, which involves entering into a funding loan agreement with Citibank, N.A.
2. ADOPT the accompanying RESOLUTION (attached to the Los Angeles Housing Department (LAHD) report dated June 9, 2010) authorizing the issuance of up to \$6.3 million in tax-exempt Multifamily Housing Revenue Notes - Series 2010B (Notes) for the Vendome Palms Apartments Project (Project) located at 975 North Vendome Street, Los Angeles CA 90026 in Council District 13.
3. APPROVE the related construction loan documents on this matter in substantial conformance with the draft documents contained in Council file No. 10-0914-S1, subject to the approval of the City Attorney as to form.
4. AUTHORIZE the General Manager, LAHD, or designee, to:
 - a. Negotiate and execute the construction loan documents, subject to the approval of the City Attorney as to form.
 - b. Report back to the Council within two years or sooner, upon completion of the Project's construction but prior to the execution of the permanent financing agreements, with a status report to include the following information: progress of the project, identification of all financing sources (if any have changed), additional revenues to be generated, information relative to the marketing plan, project timeline, anticipated rental rates and plan for moving tenants into the Project site.

Fiscal Impact Statement: The City Administrative Officer reports that there is no impact to the General Fund. Funding authority for the Notes will be provided from the California Debt Limit Allocation Committee. No City funds would be requested at this time. The borrower will pay all costs associated with the issuance of the Notes. Approval will also enable the developer of the Vendome Palms Apartments Project to secure funding from the Notes to provide 35 units of affordable housing for chronically homeless and mentally ill individuals. The City's Debt Management Policy is not applicable as there are no City funds being used to issue the Notes.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on July 21, 2010, the Housing, Community and Economic Development Committee considered the issuance of tax-exempt multi-family mortgage revenue notes for the Vendome Palms Apartment Project. An opportunity for public comment was held. After a brief discussion, the Committee recommended Council approve the recommendations contained in the City Administrative Officer report. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,



HERB WESSON, CHAIR
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

RICHARD ALARCON, MEMBER
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

MEMBER	VOTE
WESSON:	YES
REYES:	ABSENT
ALARCON:	YES
CARDENAS:	ABSENT
PERRY:	ABSENT

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Not Official Until Council Acts

ADOPTED
JUL 23 2010
LOS ANGELES CITY COUNCIL
EORTHWITH

RESOLUTION ____

CITY OF LOS ANGELES

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ONE OR MORE SERIES OF MULTIFAMILY NOTES BY THE CITY OF LOS ANGELES DESIGNATED MULTIFAMILY MORTGAGE REVENUE NOTE (VENDOME PALMS APARTMENTS PROJECT) SERIES 2010B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,321,766 TO PROVIDE FINANCING FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 16 HERETO AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

WHEREAS, the City of Los Angeles (the "City") is authorized, pursuant to Section 248, as amended, of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the "Law"), to issue its obligations for the purposes of providing financing for the acquisition, construction and equipping of multifamily rental housing for persons and families of low or moderate income (the "Program") which will satisfy the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"); and

WHEREAS, the City desires to issue its revenue note, pursuant to the Law and in accordance with the Act, to provide financing for the acquisition, rehabilitation and equipping of the multifamily rental housing project described in paragraph 16 hereof (the "Project"); and

WHEREAS, the Project is located wholly within the City; and

WHEREAS, it is in the public interest and for the public benefit that the City authorize the financing of the Project, and it is within the powers of the City to provide for such a financing and the issuance of such note; and

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Mortgage Revenue Note (Vendome Palms Apartments Project) Series 2010B in an aggregate principal amount not to exceed \$6,321,766 (the "Note"); and

WHEREAS, the City proposes to use the proceeds of the Note to fund a loan to the Owner identified in paragraph 16 hereof (the "Owner") to finance all or a portion of the acquisition, rehabilitation and equipping of the Project, and if necessary, to pay costs of issuance of the Note; and

WHEREAS, Citibank, N.A. or an affiliate thereof (the "Purchaser") has expressed its intention to purchase the Note (or cause the Note to be purchased by an affiliate) authorized

hereby in whole, and this Council (the "City Council") finds that the public interest and necessity require that the City at this time make arrangements for the sale of such Note; and

WHEREAS, the interest on the Note may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Note is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the Code, the Note is required to be approved, following a public hearing, by an elected representative of the issuer of the Note and an elected representative of the governmental unit having jurisdiction over the area in which the Project is located; and

WHEREAS, the City Council is the elected legislative body of the City and is the applicable elected representative required to approve the issuance of the Note within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on December 12, 2008, to the effect that a public hearing would be held on December 30, 2008 regarding the issuance of the Note; and

WHEREAS, the Los Angeles Housing Department held the said public hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the Note; and

WHEREAS, the minutes of such hearing, together with any written comments received in connection therewith, have been presented to the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

1. The recitals hereinabove set forth are true and correct, and the City Council so finds. This Resolution is being adopted pursuant to the Law.

2. Pursuant to the Law and in accordance with the Act and the Funding Loan Agreement (as hereinafter defined), a revenue note of the City, to be designated as "City of Los Angeles Multifamily Mortgage Revenue Note (Vendome Palms Apartments Project) Series 2010B" in an aggregate principal amount not to exceed \$6,321,766, is hereby authorized to be issued. The principal amount of the Note to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of Funding Loan Agreement (the "Funding Loan Agreement"), by and among the City, the Funding Lender named therein and a fiscal agent to be designated by the City (the "Fiscal Agent"), substantially in the form attached hereto, is hereby approved along with any additions or supplements which may in the determination of a Designated Officer, be necessary to document the issuance of the Note

authorized hereunder. The Mayor of the City, the General Manager or any Interim General Manager, any Assistant General Manager or any Interim Assistant General Manager, Executive Officer or the Director—Major Projects Division of the Los Angeles Housing Department (each hereinafter referred to as a “Designated Officer”) are hereby authorized and directed to execute and deliver, for and in the name and on behalf of the City, said Funding Loan Agreement with such additions, changes or corrections (including, without limitation, the designation of the Fiscal Agent) as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval of the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of Note in excess of the amount stated above, such approval by the City Attorney, to be conclusively evidenced by the execution and delivery of the Funding Loan Agreement with such additions, changes or corrections.

4. The proposed form of Borrower Loan Agreement (the “Loan Agreement”), by and between the City and the Owner, in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Loan Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of said Loan Agreement with such additions, changes or corrections.

5. The proposed form of the Note, as set forth in the Funding Loan Agreement, is hereby approved, and the Mayor and City Treasurer or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Fiscal Agent or an authenticating agent is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Fiscal Agent or an authenticating agent, the Note in substantially such form, and the Fiscal Agent is hereby authorized and directed to sell and deliver the Note to the Purchaser in accordance with the Funding Loan Agreement. The date, maturity dates, interest rate or rates (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, and other terms of the Note shall be as provided in the Funding Loan Agreement as finally executed; provided, however, that the principal amount of the Note shall not exceed \$6,321,766, the interest rate on the Note shall not exceed 12% per annum and the final maturity of the Note shall be no later than August 1, 2045. The initial purchase price of the Note shall be 100% of the principal amount thereof to be paid as advances are made with respect to the Note by the Purchaser. Such Note may be delivered in temporary form pursuant to the Funding Loan Agreement if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Note in definitive form can be prepared.

6. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the

City, the Fiscal Agent and the Owner, substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the Note remains tax-exempt.

7. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Note are hereby approved, confirmed and ratified, and each Designated Officer of the City, the City Clerk and other properly authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Funding Loan Agreement, the Loan Agreement, the Regulatory Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and the implementation of the Program in accordance with the Act and the Law and this Resolution and resolutions heretofore adopted by the City.

8. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Designated Officer and to affix and attest the seal of the City as may be appropriate in connection with the execution and delivery of any of the documents authorized by this resolution, provided that the due execution and delivery of said documents or any of them shall not depend on such signature of the City Clerk or any deputy thereof or affixing of such seal. Any of such documents may be executed in multiple counterparts.

9. In addition to the Designated Officers, any official of the City, including any official of the Los Angeles Housing Department, as shall be authorized in writing by the Mayor of the City, is hereby authorized for and on behalf of the City to execute and deliver any of the agreements, certificates and other documents, except the Note, authorized by this Resolution.

10. In accordance with procedures established by the City Charter, the City Council, by adoption and approval of this Resolution and with the concurrence of the Mayor, does hereby direct that the proceeds of the Note be delivered directly to the Fiscal Agent, instead of the City Treasurer, to be deposited into the funds and accounts established under the Funding Loan Agreement.

11. Pursuant to Section 147(f) of the Code, the City Council hereby approves the issuance of the Note to finance the Project. It is intended that this Resolution constitute approval of the Note by the applicable elected representative of the issuer of

the Note and 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).

12. Pursuant to the City Charter all agreements to which the City is a party shall be subject to approval by the City Attorney as to form.

13. Each Designated Officer and other properly authorized officials of the City as specifically authorized under this Resolution are hereby authorized, directed and empowered on behalf of the City and this Council to execute any other additional applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by the City Attorney as to form, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and to address any issues arising with respect to the Note or the agreements relating thereto subsequent to their issuance.

14. The Note shall contain a recital that it is issued pursuant to the Law and in accordance with the Act.

15. This Resolution shall take effect immediately upon its passage and adoption.

16. The "Project" and "Owner" referred to herein are as follows:

PROJECT NAME	# OF UNITS	ADDRESS	OWNER
Vendome Palms Apartments	35, plus 1 manager unit	975 N. Vendome Street, Los Angeles, CA 90026	Vendome Palms, L.P. (formed by A Community of Friends).

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I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on JUL 23 2010, 2010.



By O. Smith
Title Deputy Clerk