

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 12, 2023

CAO File No. 0220-00540-1675

Council File No. 20-1152

Council District: 10

To: The Mayor
The CouncilFrom: *Yplenda Chavez*
for Matthew W. Szabo, City Administrative Officer

Reference: Los Angeles Housing Department transmittal dated October 4, 2023; Received by the City Administrative Officer on October 4, 2023; Additional Information Received through October 11, 2023

Subject: **REQUEST FOR AUTHORITY TO CONSIDER THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT MINUTES, REISSUE TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BONDS IN AN AMOUNT UP TO \$33,769,000, AND EXECUTE RELATED FINANCING DOCUMENTS FOR ADAMS TERRACE APARTMENTS, A SUPPORTIVE HOUSING PROJECT**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Note and file the Los Angeles Housing Department (LAHD) transmittal dated October 4, 2023 relative to the reissuance of tax-exempt multifamily conduit revenue bonds for the Adams Terrace Apartments project;
2. Consider the results of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing held on October 4, 2023 for the Adams Terrace Apartments project attached to this report;
3. Adopt the Resolution attached to this report, authorizing the reissuance of up to \$33,769,000 in tax-exempt multifamily conduit revenue bonds for development of the Adams Terrace Apartments project; and,
4. Authorize the General Manager of the LAHD, or designee, to negotiate and execute the relevant financing documents for the Adams Terrace Apartments project, subject to the approval of the City Attorney as to form.

SUMMARY

The Los Angeles Housing Department (LAHD) requests authority to reissue tax-exempt multifamily housing conduit revenue bonds in an amount not to exceed \$33,769,000 to finance the construction of the supportive housing development known as Adams Terrace Apartments (Project). The Project

will consist of the new construction of 84 units of supportive housing for individuals and families experiencing homelessness and two unrestricted managers' units. The housing units will be developed in two buildings, one located at 4314 W. Adams Boulevard, Los Angeles, CA and one located at 4347 W. Adams Boulevard, Los Angeles CA. Both sites are located in Council District 10. The California Debt Limit Allocation Committee (CDLAC) awarded a tax-exempt bond allocation for the Project on April 13, 2020 in an amount not to exceed \$33,769,000 and designated an issuance deadline of October 13, 2020. The City issued a total of \$33,769,000 in tax-exempt bonds on November 25, 2020 (C.F. 20-1152). The LAHD reports the reissuance of the Bonds is required by Internal Revenue Service regulations because the Borrower, Adams Terrace, L.P., increased its permanent loan amount by \$591,000 to \$6,889,700 and interest rate to a blended rate of 4.42%. Additional information regarding the project financing can be found in the LAHD transmittal, dated October 4, 2023 (Report). Since the LAHD released its report, a new pro forma was finalized, which shows a total development cost of \$60,962,112.

The LAHD's report states that the parcel at 4314 W. Adams Boulevard is owned by the City of Los Angeles. The parcel was sold to the Borrower Adams Terrace, L.P. when the Project closed financing, and a Deed of Trust was recorded (C-137420).

The City's involvement in the issuance of multifamily housing conduit revenue bonds is considered true conduit financing, in which the obligation for repayment of the bonds is the responsibility of Adams Terrace, L.P. The City bears no financial responsibility for repayment as the issuer. There will be no impact to the General Fund. The financing is consistent with City policies regarding conduit financing.

The Council adopted a Responsible Banking Ordinance (RBO) in May 2012 (C.F. 09-0234 and C.F. 09-0234-S1). The purpose of the RBO is to create a social investment policy that reflects the community's priorities and acts as a tool when seeking financial services. US Bank Trust Company National Association is currently in compliance with the reporting requirements of the RBO and LAHD will ensure that US Bank will continue to comply with the City's RBO. The City acts only as a conduit issuer, not the borrower, in this bond transaction and has no financial interest in this transaction.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund as a result of the reissuance of these multifamily conduit revenue bonds (bonds) for Adams Terrace Apartments (Project). The City is a conduit issuer and does not incur liability for the repayment of the bonds, which are a limited obligation payable solely from the revenues of the Project, and the City is not, under any circumstances, obligated to make payments on the bonds.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies.

DEBT IMPACT STATEMENT

There is no debt impact as these bonds are a conduit issuance debt and not a debt of the City.

MWS:YC:EAB 02440023

Attachments

TEFRA PUBLIC HEARING MEETING MINUTES
WEDNESDAY – OCTOBER 4, 2023
9:00 AM
LOS ANGELES HOUSING DEPARTMENT
BY TELECONFERENCE
APOLINAR ABRAJAN, CHAIR

This meeting was conducted to meet the required Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) Public Hearing for Adams Terrace and 803 E 5th St.

This meeting was called to order on Wednesday, October 4, 2023 at 9:00 a.m. via teleconference by the Los Angeles Housing Department.

A notice of this hearing was published in the Los Angeles Times on September 27, 2023 (the “Notice”). The purpose of this meeting was to hear public comments regarding the City of Los Angeles’ proposed issuance of multifamily housing revenue bonds or notes for the above referenced projects.

The Los Angeles Housing Department representatives present were Georgina Tamayo, Robert Vergara, Apolinar Abrajan, Conny Griffith, Cecilia Rosales, and Adam R. Miller. All representatives were present via teleconference as described in the Notice.

By 9:30 a.m. there were no other representatives from the public who made themselves available and no public comments were provided, so the meeting was adjourned.

I declare under penalty of perjury that this is a true and exact copy of the TEFRA public hearing meeting minutes regarding the above referenced projects held on October 4th, 2023 at Los Angeles, California.

CITY OF LOS ANGELES
Los Angeles Housing Department
ANN SEWILL, General Manager

Apolinar Abrajan Digitally signed by Apolinar Abrajan
Date: 2023.10.04 10:23:04 -07'00'

Apolinar Abrajan, Finance Development Officer II

RESOLUTION

CITY OF LOS ANGELES

A RESOLUTION APPROVING FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 THE TECHNICAL REISSUANCE OF A BOND BY THE CITY OF LOS ANGELES TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT LOCATED WITHIN THE CITY OF LOS ANGELES AND APPROVING, FURTHER, CERTAIN AMENDMENTS TO THE EXISTING BOND DOCUMENTS.

WHEREAS, the City of Los Angeles (the “City”) is authorized, pursuant to the provisions of Section 248, as amended, of the City Charter of the City (the “City Charter”) and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the “Law”), to issue its revenue bonds for the purposes of providing financing for the acquisition, construction and development 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 previously issued its Multifamily Housing Revenue Bond (Adams Terrace Apartments) Series 2020O in the aggregate principal amount of \$33,769,000 (the “Bond”) pursuant to an Indenture of Trust dated as of November 1, 2020 (the “Indenture”) by and among the City, U.S. Bank National Association, as Trustee (now succeeded in interest by U.S. Bank Trust Company National Association, the “Trustee”) and U.S. Bank National Association, as Initial Bondowner Representative (the “Bondowner Representative”) to fund a loan to finance the acquisition, construction and equipping of that certain scattered site multifamily rental housing project described in paragraph 9 below (the “Project”); and

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

WHEREAS, the owner of the Project, Adams Terrace, L.P., a California limited partnership (the “Owner”), has requested that the City approve modifications to the Indenture and certain other loan documents to increase the permanent loan amount of the Bond pursuant to a First Supplement to Indenture of Trust (the “Supplemental Indenture”); and

WHEREAS, it is in the public interest and for the public benefit that the City authorize, execute and deliver as necessary the Supplemental Indenture, and it is within the powers of the City to provide for such amendments; and

WHEREAS, the amendments effected by the Supplemental Indenture will cause the Bond to be “reissued” under the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the interest on the “reissued” Bond may qualify for a federal tax exemption under Section 142(a)(7) of the Code, only if such reissued Bond is approved in accordance with Section 147(f) of the Code; and

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

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

WHEREAS, pursuant to Section 147(f) of the Code, the City caused notices to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on January 7, 2020, and September 27, 2023, to the effect that public hearings would be held on January 21, 2020, and October 4, 2023, respectively, regarding the issuance and/or reissuance of the Bond; and

WHEREAS, the Los Angeles Housing Department (formerly known as the Los Angeles Housing and Community Investment Department) held said public hearings on such dates, at which times an opportunity was provided to present arguments both for and against the issuance and/or reissuance of the Bond; and

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

WHEREAS, the form of the Supplemental Indenture has been presented to the City Council;

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 this City Council so finds. This Resolution is being adopted pursuant to the Law and in accordance with the Act.
2. Pursuant to and solely for purposes of Section 147(f) of the Code, the City Council hereby approves the reissuance of the Bond by the City in one or more series to finance the Project. It is intended that this Resolution constitute approval of the reissued Bond: (a) by the applicable elected representative of the issuer of the Bond and (b) by the applicable elected representative of the governmental unit having jurisdiction of the area in which the Project is located in accordance with said Section 147(f).
3. The execution and delivery on behalf of the City of the Supplemental Indenture substantially in the form presented to this City Council, (i) for the purpose of increasing the permanent loan of the Bond and making various ancillary or conforming changes to the Indenture and the Bond and (ii) consenting to any other related

amendments requiring the City's consent, is hereby approved, and each Authorized City Representative (as such term is defined in the Indenture) is hereby authorized and directed, for and on behalf of the City, to execute any such documents, including but not limited to the Supplemental Indenture, with such changes as such Authorized City Representative may approve upon consultation with the City Attorney, such approval by the Authorized City Representative to be conclusively evidenced by the execution of such Supplemental Indenture and related modification agreements.

4. All actions heretofore taken by the officers and agents of the City with respect to the reissuance of the Bond are hereby approved, confirmed and ratified, and each Authorized City Representative, 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.

5. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Authorized City Representative 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.

6. In addition to the Authorized City Representatives, 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 Bond, authorized by this Resolution.

7. Each Authorized City Representative 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 City 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 Bond or the agreements relating thereto subsequent to their issuance.

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

9. The "Project" and the "Owner", as used herein, shall have the following meanings:

Project Name	Number of Units	Address	Owner
Adams Terrace Apartments	84 plus 2 managers' units	4314 and 4347 West Adams Boulevard Los Angeles, CA 90018	Adams Terrace, L.P.

[Remainder of page intentionally left blank]

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on _____, 2023.

By _____
Name _____
Title _____

**FIRST SUPPLEMENT TO
INDENTURE OF TRUST**

THIS FIRST SUPPLEMENT TO INDENTURE OF TRUST (this “First Supplement”), dated as of [_____], 2023 (the “Effective Date”), is by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California, duly organized and existing under its charter and the laws of the State of California (the “City” or the “Issuer”), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (successor to U.S. Bank National Association, the “Trustee”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America (the “Bondowner Representative”), and **ADAMS TERRACE, L.P.**, a California limited partnership (the “Borrower”) and amends and supplements that certain Indenture of Trust dated as of November 1, 2020 (the “Original Indenture”) among the Issuer, the Bondowner Representative and the Trustee relating to \$33,769,000 in principal amount of the City’s Multifamily Housing Revenue Bond (Adams Terrace Apartments), Series 2020O (the “Bond”).

WHEREAS, pursuant to the Original Indenture and Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the “Act”), the Issuer has issued the Bond; and

WHEREAS, the Borrower, California Community Reinvestment Corporation (“CCRC”), and the Bondowner Representative have agreed that the principal amount of the Bond to be purchased by CCRC upon conversion shall be increased to an amount up to \$[_____]; and

WHEREAS, Section 9.01 of the Original Indenture permits the Issuer and the Trustee, from time to time and at any time with the prior written consent of the Bondowner Representative and the Borrower, to enter into an indenture or indentures supplemental to the Original Indenture; and

WHEREAS, the Bondowner Representative is currently the sole registered Owner of the Bond; and

WHEREAS, the Issuer, the Bondowner Representative, CCRC and the Trustee have received an Opinion of Counsel that this First Supplement will not cause the interest on the Bond to be includable in gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation and that this First Supplement is authorized or permitted by the Original Indenture; and

WHEREAS, pursuant to the Original Indenture, the Issuer, the Trustee, the Bondowner Representative, and the Borrower have evidenced their consent to the terms of this First Supplement and waived all required notices thereof under the Original Indenture, including, but

not limited to, in Section 9.01 of the Original Indenture, each as evidenced by the signature of an authorized representative hereto; and

WHEREAS, the Borrower and the Bondowner Representative entered into that certain [Third Amendment to Loan Documents dated as of [_____] , 2023] (the “Third Amendment”) which amended certain Loan Documents (as defined in the First Amendment), including the Loan Agreement and the Note, each of which were previously amended by that certain First Amendment to Loan Documents dated [_____] , 2022 (the “First Amendment”), and that certain Second Amendment to Loan Documents dated as of December 1, 2022 (the “Second Amendment” and together with the First Amendment and the Third Amendment, the “Loan Document Amendments”); and

WHEREAS, the Loan Document Amendments, together with the [First Amendment to Bond Purchase Agreement] dated as of [_____] , 2023, among the Bondowner Representative, CCRC and the Borrower (the “First BPA Amendment”) and the [Second Amendment to Bond Purchase Agreement] dated as of [_____] , 2023 (the “Second BPA Amendment” and collectively with the First BPA Amendment, the “BPA Amendments”), collectively, extended the “Termination Date” (as defined in the Bond Purchase Agreement) to [_____] , and replaced the amount of “\$5,991,700” in the recitals as well as the definitions of “Bond Purchase Agreement” and “Permanent Loan Amount” with the amount of “\$[_____]”; and

WHEREAS, on the Effective Date, following the closing of this First Supplement, CCRC will purchase the Bond from the Bondowner Representative and has evidenced its acknowledgment to the terms of this First Supplement by the signature of an authorized representative hereto; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto amend the Original Indenture as follows as of the date set forth above:

Section 1. Recitals; Definitions. The foregoing recitals are hereby agreed to and acknowledged. All capitalized terms used in this First Supplement and not otherwise defined have the meanings assigned in the Original Indenture.

Section 2. Amendment to Definition. The following definitions contained in Section 1.01 of the Original Indenture are amended to read or are added to Section 1.01 of the Original Indenture as follows:

The term “**Bond Purchase Agreement**” means the Bond Purchase Agreement dated as of November 17, 2020 among the Borrower, the Bondowner Representative, and CCRC, as amended by that certain [First Amendment to Bond Purchase Agreement dated as of [_____]], and that certain [Second Amendment to Bond Purchase Agreement dated as of [_____]], pursuant to which and subject to the terms and conditions of which, CCRC has agreed to purchase up to \$[_____] in principal amount of the Bond on the Conversion Date.

Section 3. Ratification and Direction to Trustee. Except as amended and supplemented hereby, all provisions of the Original Indenture remain in full force and effect, and the Original Indenture, as amended and supplemented by this First Supplement, is hereby ratified. By its execution hereto, the Bondowner Representative hereby authorizes and directs the Trustee to execute this First Supplement.

Section 4. Effective Date. This First Supplement shall become effective as of the date hereof.

Section 5. Execution in Several Counterparts. This First Supplement may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 6. Governing Law. This First Supplement shall be governed by and construed in accordance with the internal laws of the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned authorized representatives of the Issuer, the Trustee, the Borrower, the Bondowner Representative have evidenced their respective consent to the terms of this First Supplement to Trust Indenture as of the day and year first above written by their below signatures.

CITY OF LOS ANGELES, as Issuer

By: Los Angeles Housing Department

By: _____
Daniel Huynh
Assistant General Manager

Approved as to form by:

HYDEE FELDSTEIN SOTO,
City Attorney

Deputy/Assistant City Attorney

[Issuer signature page to *Adams Terrace* First Supplement to Trust Indenture]

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee**

By: _____

Name: Julia Hommel

Title: Vice President

[Trustee signature page to *Adams Terrace* First Supplement to Trust Indenture]

U.S. BANK NATIONAL ASSOCIATION, as
Bondowner Representative, and sole Owner of
the Bond

By: _____
Name:
Title:

[Bondowner Representative signature page to *Adams Terrace*
First Supplement to Trust Indenture]

NOTARY ACKNOWLEDGMENT STATEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

BORROWER:

ADAMS TERRACE, L.P.,

a California limited partnership, as Borrower

By: Adams Terrace GP, LLC, a California limited liability company, its General Partner

By: Abode Communities, a California nonprofit public benefit corporation, its sole Member

By: _____
Lara Regus, Senior Vice President,
Development

[Borrower signature page for *Adams Terrace* First Supplement to Trust Indenture]

Agreed and acknowledged:

**CALIFORNIA COMMUNITY
REDEVELOPMENT CORPORATION, a**
California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

[Barings acknowledgment page for *Adams Terrace* First Supplement to Trust Indenture]