

MOTION BY SUPERVISOR HILDA L. SOLIS

March 9, 2021

**Adopt A Resolution And Authorize Actions Approving Issuance Of Multifamily Housing Mortgage Revenue Bonds To Finance The Acquisition And Rehabilitation Of The Sunny Garden Senior Apartments Affordable Housing Project**

Sunny Garden Senior Apartments is an existing 95-unit affordable rental housing development (Project) located at 13712 Sunkist Drive, in the City of La Puente. The Project’s affordability restrictions are set to expire in July of 2022 which puts the senior residents currently living at the Project at-risk of displacement. Sunny Garden Apartments 2, LP (or an approved affiliate or assignee thereof) (Borrower) plans to acquire and rehabilitate the Project, enabling 94 of the units to be preserved and remain affordable to senior households with incomes not exceeding 60% of Area Median Income, with the affordability restrictions being extended for a new 55-year term. The remaining unit will be set aside as a manager’s unit. Last year, as part of the Los Angeles County Development Authority’s (LACDA) Notice of Funding Availability Round 25-A, an application for the Project was submitted under the Preservation category and was awarded both capital funds and project-based vouchers. The acquisition and rehabilitation of this Project will ensure and extend its affordability to seniors who are one

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of County's most vulnerable populations at-risk of becoming homeless.

The Borrower has requested that the LACDA issue and sell its multifamily housing mortgage revenue bonds or notes in an amount not to exceed \$16,000,000 (Bonds) to provide financing for the acquisition and rehabilitation of the Project. This action will also allow the Bonds to qualify for a tax exemption under Section 103 of the Internal Revenue Code of 1986. The Borrower will repay the Bonds solely through rent revenues, and will pay all fees and related costs.

On February 25, 2020, the La Puente City Council adopted a resolution authorizing the LACDA to issue the Bonds. On February 24, 2020, the LACDA conducted a public hearing regarding the issuance of the tax-exempt Bonds to finance the Project at its office located at 700 West Main Street in Alhambra. No comments were received at the public hearing concerning the issuance of the tax-exempt Bonds or the nature and location of the Project.

The attached resolution was prepared by Kutak Rock LLP, LACDA Bond Counsel, and approved as to form by County Counsel. Pursuant to California Health and Safety Code section 5852.1, required public disclosures related to this Bond issuance are also attached. All other related documents, in substantially final form, are on file with the Executive Office of the Board of Supervisors. They will be approved as to form by County Counsel prior to execution by the authorized parties.

This proposed action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378 (b)(5) of the State CEQA guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical

change to the environment.

**I, THEREFORE, MOVE** that the Board of Supervisors, acting as the Board of Commissioners of the Los Angeles County Development Authority:

1. Find that adoption of this Resolution is not subject to the provisions of the California Environmental Quality Act because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign the attached Resolution authorizing the issuance of tax-exempt Multifamily Housing Revenue Bonds by the LACDA, in an aggregate principal amount not to exceed \$16,000,000, to assist Sunny Garden Apartments 2, LP, or a LACDA approved designee, to finance the acquisition and rehabilitation of the Project.
3. Authorize the Executive Director, or his designee, to negotiate, execute, and if necessary amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of the Bonds.

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RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ONE OR MORE SERIES OF MULTIFAMILY HOUSING REVENUE BONDS OR NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,000,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS SUNNY GARDEN APARTMENTS, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, the Los Angeles County Development Authority (the "LACDA") is authorized and empowered by the provisions of Section 34312.3 of the Health and Safety Code of the State of California (the "Act") to issue and sell revenue bonds or notes for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, there has been prepared and presented to this Board for consideration at this meeting the documentation required for the issuance of one or more series of bonds or notes for the financing of the acquisition, development, rehabilitation and construction of a multifamily rental housing development consisting of 95 total units located at 13712 Sunkist Drive, La Puente, California (the "Project"), known as Sunny Garden Apartments and to be owned by Sunny Garden Apartments 2, LP (or an LACDA approved affiliate or assign thereof, the "Borrower"); and

WHEREAS, the Project is located within the City of La Puente (the "City") and the County of Los Angeles; and

WHEREAS, the City has agreed to allow the LACDA to issue the Bonds to finance the Project pursuant to an agreement authorized by the Act; and

WHEREAS, RBC Capital Markets, LLC (the "Underwriter") has expressed the intention of the Underwriter to purchase the 2021 Series C-1 Bond (as defined below) authorized hereby pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") among the LACDA, the Borrower and the Underwriter; and

WHEREAS, HCP Bond Investors, LLC (the "Purchaser") has expressed its intention to purchase the 2021 Series C-2 Bond (as defined below) authorized hereby; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, this Board has received the following information as a good faith estimate of the cost of the Project financing and the LACDA has disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Bonds (as hereafter defined); (b) the finance charge of the Bonds, including all third party expenses; (c) the amount of proceeds received by the LACDA for the sale of the Bonds less the finance charge of the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds; and (d) the total payment amount; and

WHEREAS, it appears that each of the documents and instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Los Angeles County Development Authority, as follows:

1. It is hereby found and determined that it is necessary and desirable for the LACDA to provide financing for the Project through the issuance and delivery of the Bonds in order to assist in the acquisition, construction, rehabilitation and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the LACDA hereby determines to issue its bonds or note as Multifamily Housing Revenue Bond or Note (Sunny Garden Apartments), 2021 Series C-1 (or such other name or series designation as may be designated by officers or agents of the LACDA), in one or more series or subseries, each with an appropriate series designation (the "2021 Series C-1 Bond") and as Multifamily Housing Revenue Bond or Note (Sunny Garden Apartments), 2021 Series C-2 (or such other name or series designation as may be designated by officers or agents of the LACDA), in one or more series or subseries, each with an appropriate series designation (the "2021 Series C-2 Bond" and together with the 2021 Series C-1 Bond, the "Bonds"), in an aggregate combined maximum principal amount not to exceed \$16,000,000. The Bonds shall bear interest at the interest rates set forth in or determined in accordance with the respective Indenture (as defined below), maturing as provided in the respective Indenture, but not later than 40 years from the date of issue. The Bonds shall be in substantially the forms set forth in the respective Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the respective Indenture, which shall be appropriately completed when the Bonds are prepared.

The Bonds shall be limited obligations of the LACDA payable solely from the revenues, receipts and other moneys pledged therefor under the respective Indenture.

The Bonds shall be executed on behalf of the LACDA by the manual or facsimile signature of the Chair of this Board or the Executive Director of the LACDA.

3. The proposed form of Trust Indenture (the "2021 Series C-1 Indenture") by and between the LACDA and a trustee (the "Trustee") to be designated by the LACDA in the Indenture or an authenticating agent, if applicable, providing for the issuance of the 2021 Series C-1 Bond, in the form presented to this meeting, is hereby approved. The proposed form of Trust Indenture (the "2021 Series C-2 Indenture" and together with the 2021 Series C-1 Indenture, the "Indenture") by and between the LACDA and the Trustee, providing for the issuance of the 2021 Series C-2 Bond, in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend

upon consultation with counsel to the LACDA and Bond Counsel to the LACDA (provided that such additions or changes shall not authorize an aggregate principal amount of Bonds in excess of the amount stated above or result in an initial interest rate on the Bonds in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The proposed forms of the Bonds, as set forth in the respective Indenture, are hereby approved, and the Chair of the Board and Executive Director of the LACDA or his designee are hereby authorized and directed to execute, by manual or facsimile signatures of such officers, and, if deemed necessary or desirable, the Trustee is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Trustee or an authenticating agent, if applicable, the Bonds in substantially such form, and the LACDA or the Trustee, as applicable, is hereby authorized and directed to sell and deliver such Bond to the Underwriter or Purchaser, as applicable, in accordance with the respective Indenture. The Bonds may, if so provided in the Indenture, be issued as a “draw down” bond to be funded over time as provided in the Indenture. The date, maturity date, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the respective Indenture as finally executed.

4. The proposed form of those two Loan Agreements (together, the “Loan Agreement”), in the forms presented to this meeting, is each hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) in the form presented to this meeting, is hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Regulatory Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. The proposed form of those two Bond Purchase Agreements (together, the “Bond Purchase Agreements”), in substantially the forms attached hereto, are hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Bond Purchase Agreement, with such additions or changes in said documents as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Bond Purchase Agreement.

7. The proposed form of Official Statement, attached hereto (the “Official Statement”) is hereby approved. This Board hereby approves and authorizes the use and distribution by the Underwriter of a Preliminary Official Statement and/or an Official Statement in substantially such form to prospective purchasers of the 2021 Series C-1 Bond. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver, at the time of the sale of the 2021 Series C-1 Bond, the Official Statement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Official Statement.

8. The proposed form of Remarketing Agreement (“Remarketing Agreement”), in substantially the form attached hereto, is hereby approved. The Chair of this Board and the Executive Director of the LACDA or his designee are each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Remarketing Agreement, with such additions or changes in said documents as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Remarketing Agreement.

9. This Board hereby appoints the Executive Director of the LACDA or his designee as administrator/manager with respect to the Project and other matters arising in connection with the Bonds (the “Administrator”).

10. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project or any redemption of the Bonds, may be given or taken by the Administrator without further authorization by this Board, and the Administrator is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution.

11. All actions heretofore taken by the officers and agents of the LACDA with respect to the sale, issuance and delivery of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the LACDA are hereby authorized and directed, for and in the name and on behalf of the LACDA 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 Indenture and the other documents herein approved, including an interlocal cooperation agreement with the City, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the LACDA.

12. All resolutions or parts thereto in conflict herewith are, to the extent of such conflict, hereby repealed.

13. This resolution shall take effect upon its adoption.



PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, State of California, this 9<sup>th</sup> day of March, 2021, by the following vote:

AYES: Supervisors Mitchell, Kuehl, Hahn, Barger and Solis

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: *Hilda F. Solis*  
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA  
Executive Officer  
of the Board of Commissioners

By: *Rachelle Smitheman*  
Deputy



APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA  
County Counsel

By: *EP*  
Deputy