



DATE: May 7, 2008

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department
Housing and Code Enforcement Division

SUBJECT: **ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (COUNTRY CLUB APARTMENTS) 2008 SERIES A AND APPROVING DOCUMENTS RELATING THERETO**

SYNOPSIS

Staff and the Housing Commission recommend that the City Council adopt a resolution authorizing the issuance of multifamily housing revenue bonds (Country Club Apartments) 2008 Series A in a principal amount not to exceed \$11,707,272 and approving documents relating thereto.

BACKGROUND

At its January 9, 2008 meeting, the City Council unanimously approved the purchase and financing plan for the acquisition and rehabilitation of Country Club Apartments. A Tax and Equity Fiscal Responsibility Act (TEFRA) Public Hearing was also held in order to consider the issuance of tax-exempt multifamily housing revenue bonds as a component of the Project's total \$21.139 million financing plan. The bond proceeds will be used to fund the acquisition and rehabilitation of Country Club Apartments (the "Project") located at 201 Country Club Lane by Country Club Apartments, LP, a California Limited Partnership (the "Owner"). The project will add 90 units to the City's affordable housing inventory and assist in meeting the goals of the City's approved Affordable Housing Strategy.

ANALYSIS

To proceed with the proposed bond issuance the City will need to approve the following documents: Indenture of Trust, Loan Agreement, Regulatory Agreement, Subordination Agreement, and Assignment of Deed of Trust. Under the Indenture the City will issue the bonds and then loan the bond proceeds to the Owner under the terms of the Loan Agreement to be entered into among the City, the Owner and Wells Fargo Bank, National Association. The loan will be secured by a deed of trust on the Project in favor of the City. The deed of trust will be assigned by the City to Wells Fargo as security for the bonds under the Assignment of Deed of Trust. Under the Loan Agreement the

Owner agrees to repay the loan from rental income generated from the Project. Wells Fargo will initially acquire the bonds through a private sale and will deposit the purchase price of the bonds under the Indenture. The Regulatory Agreement will be recorded as an encumbrance on the Project to ensure that all Federal tax law requirements as they relate to rental restrictions and tenant qualifications are satisfied. The City has agreed to make a loan to the Owner for the purpose of acquiring the Project under an Acquisition and Rehabilitation Agreement. This loan will be secured with a deed of trust on the Project. In order to sell the bonds to Wells Fargo it is necessary that the City subordinate its deed of trust on the Project to Wells Fargo's interests as bond owner. This is accomplished under the Subordination Agreement. The documents that pertain to the sale of the bonds are available for review in the City Clerk's Office in substantial form and will be approved as part of the resolution.

FISCAL IMPACT

The City will issue the multifamily housing revenue bonds for the Project. The bonds are payable solely out of the revenues from the Project. The City will receive a fee for the issuance of the bonds in an amount equal to one-quarter of one-percent of the outstanding principal bond amount. The City will also receive an annual bond monitoring fee equal to one-eighth of one-percent of the principal bond amount during the term of the bonds. No additional financial obligations are placed on the City for Project financing costs or debt repayment as a result of the bond issuance.

COMMISSION OR COMMITTEE REPORT

At its April 22, 2008 meeting, the Housing Commission unanimously recommended that the City Council adopt a resolution authorizing the issuance of multifamily housing revenue bonds for the acquisition and rehabilitation of Country Club Apartments.

CITY ATTORNEY'S ANALYSIS

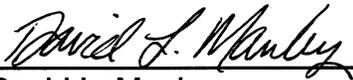
The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff and the Housing Commission recommend that the City Council adopt a resolution authorizing the issuance of multifamily housing revenue bonds (Country Club Apartments) 2008 Series A in a principal amount not to exceed \$11,707,272 and approving documents relating thereto.

PREPARED BY:

SUBMITTED BY:



David L. Manley
Neighborhood Services Division Mgr.



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Margery M. Pierce, Neighborhood Services Director

Teri Ferro, Financial Services Director

Michele Lund, Treasury Manager









Attachments:

1. Resolution
2. Indenture of Trust
3. Loan Agreement
4. Regulatory Agreement
5. Subordination Agreement
6. Deed of Trust
7. Assignment of Deed of Trust

1 RESOLUTION NO. _____

2 A RESOLUTION OF THE CITY OF OCEANSIDE
3 AUTHORIZING THE ISSUANCE OF MULTIFAMILY
4 HOUSING REVENUE BONDS (COUNTRY CLUB
5 APARTMENTS) 2008 SERIES A AND APPROVING AN
6 INDENTURE OF TRUST, A LOAN AGREEMENT, A
7 REGULATORY AGREEMENT, A SUBORDINATION
8 AGREEMENT, AN ASSIGNMENT OF DEED OF TRUST AND
9 OTHER DOCUMENTS RELATING THERETO AND
10 ACCEPTING A DEED OF TRUST

11 WHEREAS, the City of Oceanside (the "City") is authorized pursuant to Chapter 7
12 (commencing with Section 52075) of Part 5 of Division 31 of the California Health and Safety
13 Code (the "Act") to provide assistance in financing multifamily residential rental housing
14 developments within the City; and

15 WHEREAS, Country Club Apartments, LP, a California limited partnership (the
16 "Borrower"), has requested assistance in financing the acquisition and rehabilitation of a 90-unit
17 multifamily rental housing project located at 201 Country Club Lane in the City of Oceanside (the
18 "Project"); and

19 WHEREAS, the City, in order to encourage and foster the development and renovation of
20 multifamily rental housing development within the City, is willing to authorize the issuance of
21 multifamily housing revenue bonds in an aggregate principal amount of not to exceed
22 \$11,707,272 subject to the restrictions of the Act and all applicable California and federal laws as
23 they relate to the Project; and

24 WHEREAS, proceeds of the bonds, if issued, will be loaned to the Borrower under the
25 terms of a Loan Agreement among the City, Wells Fargo Bank, National Association ("Wells
26 Fargo") and the Borrower (the "Loan Agreement") and will be secured by a Deed of Trust on the
27 Project in favor of the City (the "Deed of Trust"); and

28 WHEREAS, the Bonds will be initially placed with Wells Fargo subject to the terms of
this Resolution; and

WHEREAS, all acts, conditions and things required by the Act, and by all other laws of
the State of California, to exist, to have happened and to have been performed precedent to and in

1 connection with the issuance of the Bonds exist, have happened, and have been performed in
2 regular and due time, form and manner as required by law, and the City is now duly authorized
3 and empowered, pursuant to each and every requirement of law, to issue such Bonds for the
4 purpose, in the manner and upon the terms herein provided;

5 NOW, THEREFORE, the City Council of the City of Oceanside, does resolve as follows:

6 SECTION 1. The above recitals, and each of them, are true and correct.

7 SECTION 2. The proposed form of the Loan Agreement presented at this meeting is
8 hereby approved and the Mayor, City Manager, Deputy City Manager or Director of Financial
9 Services of the City of Oceanside or the written designee of one of the foregoing are, and each of
10 them is, hereby authorized and directed, for and in the name of the City, to execute the Loan
11 Agreement with the parties thereto in substantially the form hereby approved, with such changes
12 therein as the officer executing such agreement may approve, such approval to be conclusively
13 evidenced by the execution and delivery thereof.

14 SECTION 3. The proposed form of Regulatory Agreement and Declaration of Restrictive
15 Covenants by and between the City and the Borrower (the "Regulatory Agreement") presented at
16 this meeting is hereby approved and the Mayor, City Manager, Deputy City Manager or Director
17 of Financial Services of the City of Oceanside or the written designee of one of the foregoing are,
18 and each of them is, hereby authorized and directed, for and in the name of the City, to execute
19 the Regulatory Agreement with the parties thereto in substantially the form hereby approved, with
20 such changes therein as the officer executing such agreement may approve, such approval to be
21 conclusively evidenced by the execution and delivery thereof.

22 SECTION 4. The Bonds are hereby authorized to be sold and issued pursuant to the Act
23 in an aggregate principal amount not to exceed \$11,707,272. The proceeds of the Bonds shall be
24 loaned to the Borrower in accordance with the Loan Agreement to finance the acquisition and
25 rehabilitation of the Project.

26 SECTION 5. The proposed form of the Indenture of Trust (the "Indenture") by and
27 between the City and Wells Fargo Bank, National Association ("Wells Fargo") presented at this
28 meeting is hereby approved and the Mayor, City Manager, Deputy City Manager or Director of

1 Financial Services of the City of Oceanside or the written designee of one of the foregoing are,
2 and each of them is, hereby authorized and directed for and in the name and on behalf of the City
3 to execute, acknowledge and deliver to Wells Fargo the Indenture in substantially said form, with
4 such additions thereto and/or changes therein as the officer executing such agreement may
5 approve, such approval to be conclusively evidenced by the execution and delivery thereof.

6 SECTION 6. Wells Fargo is hereby appointed to act as Bondowner Representative for the
7 Bonds under the Indenture.

8 SECTION 7. The form of the Bonds as set forth in the Indenture (as the Indenture may be
9 modified pursuant to Section 5 hereof) is hereby approved. The Mayor, the Deputy Mayor and
10 the City Clerk, and their designees, each is hereby authorized and directed to execute by manual
11 or facsimile signature, in the name and on behalf of the City, such Bonds in an aggregate
12 principal amount not to exceed \$11,707,272 in accordance with the Indenture.

13 SECTION 8. The proposed form of Subordination Agreement by and among the City, the
14 Borrower and Wells Fargo (the "Subordination Agreement") presented at this meeting is hereby
15 approved and the Mayor, City Manager, Deputy City Manager or Director of Financial Services
16 of the City of Oceanside or the written designee of one of the foregoing are, and each of them is,
17 hereby authorized and directed, for and in the name of the City, to execute the Subordination
18 Agreement with the parties thereto in substantially the form hereby approved, with such changes
19 therein as the officer executing such agreement may approve, such approval to be conclusively
20 evidenced by the execution and delivery thereof.

21 SECTION 9. The proposed form of Assignment of Deed of Trust and Loan Documents
22 by and among the Borrower, the City and Wells Fargo (the "Assignment") presented at this
23 meeting under which the City will assign its interest in the Deed of Trust to Wells Fargo is hereby
24 approved and the Mayor, City Manager, Deputy City Manager or Director of Financial Services
25 of the City of Oceanside or the written designee of one of the foregoing are, and each of them is,
26 hereby authorized and directed, for and in the name of the City, to execute the Assignment with
27 the parties thereto in substantially the form hereby approved, with such changes therein as the
28 officer executing such agreement may approve, such approval to be conclusively evidenced by

1 the execution and delivery thereof, and the City hereby accepts the Deed of Trust in the form
2 presented at this meeting and authorizes the foregoing officers to accept the Deed of Trust on
3 behalf of the City.

4 SECTION 10. The initial placement and sale of the Bonds to Wells Fargo is hereby
5 approved and the Bonds shall bear interest at a variable rate as set forth in the Indenture.

6 SECTION 11. Each of the Mayor, the City Manager, the Deputy City Manager or the
7 Director of Financial Services of the City of Oceanside are, and each of them is, hereby
8 authorized and directed to execute one or more requisitions authorizing Wells Fargo to pay the
9 costs of issuing the Bonds in accordance with the provisions of the Indenture, to approve
10 investments of amounts held under the Indenture, to endorse the note executed by the Borrower
11 and to provide instructions and consents of the City in accordance with the Indenture, the Loan
12 Agreement and the Regulatory Agreement.

13 SECTION 12. All actions heretofore taken by officers and agents of the City with respect
14 to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the Mayor,
15 City Manager, Deputy City Manager or Director of Financial Services or the written designee of
16 any of the foregoing are, and each of them is, hereby authorized and directed, jointly and
17 severally, to take any and all actions and execute and deliver any and all documents, certificates
18 or instruments necessary to accomplish the issuance, sale and delivery of the Bonds in accordance
19 with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as
20 described in the Indenture.

21 SECTION 13. This Resolution shall take effect from and after its adoption.

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1 PASSED AND ADOPTED by the City Council of the City of Oceanside, California this
2 7th day of May, 2008, by the following vote:

3 AYES:

4 NOES:

5 ABSENT:

6 ABSTAIN:

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MAYOR OF THE CITY OF OCEANSIDE

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10 ATTEST:

APPROVED AS TO FORM:

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CITY CLERK



CITY ATTORNEY

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A RESOLUTION OF THE CITY OF OCEANSIDE AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (COUNTRY CLUB APARTMENTS) 2008 SERIES A AND APPROVING AN INDENTURE OF TRUST, A LOAN AGREEMENT, A REGULATORY AGREEMENT, A SUBORDINATION AGREEMENT, AN ASSIGNMENT OF DEED OF TRUST AND OTHER DOCUMENTS RELATING THERETO AND ACCEPTING A DEED OF TRUST

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