

3.1

September 9, 2004



Housing Authority of  
the City of Sacramento  
Sacramento, California

Honorable Members in Session:

SUBJECT: APPROVAL OF BOND DOCUMENTS FOR PHOENIX PARK II

**LOCATION & COUNCIL DISTRICT**

Area bounded by Franklin Boulevard, Brookfield Drive, and Morrison Creek, Council District 8.

**RECOMMENDATION**

Staff recommends adoption of the attached resolution on pages 7-10 which:

- approve bond documents authorizing the issuance of not more than \$23,470,000 for the acquisition, rehabilitation, and permanent financing for the Phoenix Park II; and
- authorize the Executive Director or her designee to execute all documents necessary to issue the bonds:

**CONTACT PERSONS**

Darren Bobrowsky, Director of Development Services, 440-1310  
Jeree Glasser, Housing Finance Analyst, 440-1399, ext. 1421

**FOR COUNCIL MEETING OF** - September 21, 2004

## **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

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### **SUMMARY**

This report recommends approval of the bond documents and final authorization to issue up to \$23,470,000 in tax-exempt bonds to finance the acquisition and rehabilitation/reconfiguration of a multi-family apartment complex to be known as Phoenix Park II. On June 8, 2004, the Housing Authority of the City held a hearing and adopted a resolution declaring its intent to issue tax-exempt bonds to finance the project, subject to the award of a private activity bond allocation and approval of the bond documentation.

### **BACKGROUND**

The Phoenix Park II project is the second portion of the ongoing revitalization project located in the Franklin Villa Neighborhood called Phoenix Park Phase I. Please see the location map included as Attachment I. Due to the size of the project, and the public funding that was proposed to finance it, the project had to be broken up two separate but adjacent portions. Collectively, the project is comprised of Phoenix Park I and Phoenix Park II. Phoenix Park II, when completed will consist of 182 units housed in fifty-one three-, four- and five-plex buildings and a shared laundry facility. Phoenix Park I, now currently under construction, will consist of 178 units, laundry facilities and a Resident Activity Center. In August of 2004, Phoenix Park I leased its first set of post-rehabilitated units and will continue to lease units as they are completed. The approval requested in this staff report is necessary to issue the bonds necessary to finance the rehabilitation/ reconstruction of Phoenix Park II. Please see the site map included as Attachment II.

### **FINANCIAL CONSIDERATIONS**

The Agency is waiving its policy of collecting bond administration and issuance fees from the developer. Mortgage revenue bonds, in general, do not represent a financial obligation of the Housing Authority of the City of Sacramento, the City of Sacramento or the Sacramento Housing and Redevelopment Agency. All other financial contributions to the project were approved in October of 2002 staff report.

### **AFFORDABLE HOUSING IMPACT**

Phoenix Park II Apartments will add an additional 182 low and very low units to the city's already existing housing stock. The affordable units proposed in this project will remain affordable for a minimum of 55 years.

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**POLICY CONSIDERATIONS**


The recommended actions are consistent with previously approved Mortgage Revenue Bond Policy with the exception of the collection of administrative and issuance fees. In the June 8, 2004 staff report, the City Council granted the waiver of collection of these fees from the developer. Developer compliance with the regulatory agreement and the physical condition of the property will be monitored by the Agency on a regular basis.

**ENVIRONMENTAL REVIEW**

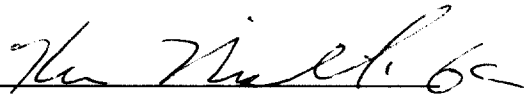
The proposed actions are exempt from further review under the California Environmental Quality because the project, which included Phoenix Park Phase II, was determined to be exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3). The project, referred to as the Revised Franklin Villa Implementation Strategy and the Franklin Villa Financing Plan, was approved on October 1, 2002 and the Notice of Exemption was filed on October 17, 2002. This project is a continuing project under NEPA that was the subject of an Environmental Assessment and Finding of No Significant Impact made for the Franklin Villa Master Plan Implementation Projects. Therefore, no further environmental review is required.

**M/WBE CONSIDERATIONS**

Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by the federal funding.

Respectfully submitted,  
  
for ANNE M. MOORE  
Executive Director

Transmittal approved,

  
ROBERT P. THOMAS  
City Manager

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**RESOLUTION NO. \_\_\_\_\_**

**ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO**

ON DATE OF

**AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (PHOENIX PARK II APARTMENTS) 2004 ISSUE F, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A LOAN AGREEMENT, A REGULATORY AGREEMENT, AN OFFICIAL STATEMENT AND A BOND PURCHASE AGREEMENT, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AND APPROVING OTHER RELATED DOCUMENTS AND APPROVING OTHER RELATED ACTIONS IN CONNECTION THEREWITH**

WHEREAS, Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, commencing with Section 34200 (the "Act"), authorizes housing authorities to incur indebtedness for the purpose of financing the acquisition, construction, rehabilitation and development of multifamily rental housing facilities to be occupied in part by persons of low and very low income;

WHEREAS, the Housing Authority of the City of Sacramento (the "Authority") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the "Program") of financing the acquisition, rehabilitation and development of multifamily rental housing facilities, and has determined to borrow money for such purpose by the issuance of revenue bonds as authorized by the Act;

WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act;

WHEREAS, Phoenix Park II L.P., a California limited partnership (the "Borrower"), has requested that the Authority issue and sell the Bonds (hereinafter defined) for the purpose of financing the acquisition, rehabilitation and development of a 182-unit multifamily rental housing project to be commonly known as the Phoenix Park II Apartments located on Caselli Circle (including, but not limited to, between the addresses 82-161), El Limon Court (including, but not limited to, between the addresses 4-36, even only) and La Sandia Way (including, but not limited to, between the addresses 7488-7532, even only), Sacramento, California (the "Project"); and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds and the

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RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

implementation of the Program as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1. The Authority hereby finds and declares that the above recitals are true and correct.

Section 2. Pursuant to the Act, revenue bonds of the Authority designated as "Housing Authority of the City of Sacramento Variable Rate Demand Multifamily Housing Revenue Bonds (Phoenix Park II Apartments) 2004 Issue F" in an aggregate principal amount not to exceed \$23,470,000 (the "Bonds"), are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Chairperson, Vice Chairperson or Executive Director of the Authority, and attested by the manual or facsimile signature of the Secretary of the Board of the Authority or the Clerk of the Sacramento Housing and Redevelopment Agency (the "Clerk"), in the form set forth in and otherwise in accordance with the Indenture (hereinafter defined).

Section 3. The following documents with respect to the Bonds (the "Bond Documents") between and/or among the Authority and the institutions named therein, in the forms on file with the Clerk, are hereby approved:

- (a) an indenture of trust (the "Indenture") between the Authority and a financial institution to be named therein, as trustee (the "Trustee");
- (b) a loan agreement (the "Loan Agreement") among the Authority, the Trustee and the Borrower;
- (c) a regulatory agreement and declaration of restrictive covenants (the "Regulatory Agreement") among the Authority, the Trustee and the Borrower;
- (d) a bond purchase agreement (the "Purchase Contract") among the Authority, the Borrower and Newman and Associates, a Division of GMAC Commercial Holding Capital Markets Corp. (the "Underwriter"); and
- (e) an official statement (the "Official Statement") which (i) is hereby authorized to be distributed to persons who may be interested in purchasing the Bonds, and (ii) shall be brought to final form (the "Official Statement") upon the sale of the Bonds, which (i) shall be executed on behalf of the Authority by a Designated Officer (as

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hereinafter defined) and (ii) shall be delivered by the Underwriter to all actual purchasers of the Bonds.

The Chairperson, the Vice Chairperson or the Executive Director of the Authority (the "Designated Officers") are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Documents, and the Secretary of the Board of the Authority or the Clerk is hereby authorized and directed, for and in the name and on behalf of the Authority, to attest the Designated Officer's signature on the Bond Documents, if necessary, in substantially said forms, with such additions thereto or changes therein as are recommended or approved by such officers upon consultation with bond counsel to the Authority, including such additions or changes as are necessary or advisable in accordance with Section 5 hereof (provided that no additions or changes shall authorize an aggregate principal amount of Bonds in excess of \$23,470,000), the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the Authority of the Bond Documents. The date, maturity dates, 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 Indenture, as finally executed.

Section 4. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchasers thereof in accordance with written instructions executed on behalf of the Authority by one of the Designated Officers, which instructions such officers are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof in accordance with the Purchase Contract, upon payment of the purchase price therefore.

Section 5. All actions heretofore taken by the officers and agents of the Authority with respect to the establishment of the Program and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Designated Officers, are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including, but not limited to, determining the principal amount of the Bonds to be issued and delivered (provided such aggregate principal amount shall not exceed \$23,470,000 and any remarketing provisions with respect thereto, and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution and resolutions heretofore adopted by the Authority and in order to carry out the Program, including, but not limited to, any intercreditor agreement required by any credit enhancer of the Bonds, to be

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executed by the Issuer, and any other certificates, agreements, deeds of trust and other documents described in the Indenture, the Loan Agreement, the Regulatory Agreement, the Purchase Contract and the other documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof, evidence credit support or additional security for the Bonds, but which shall not create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds.

Section 6. This resolution shall take effect immediately upon its adoption.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
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DATE ADOPTED: \_\_\_\_\_