



## COUNTY ADMINISTRATOR

SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

DONNA LINTON  
ASSISTANT COUNTY ADMINISTRATOR

July 2, 2013

Honorable Board of Supervisors  
Administration Building  
Oakland, California 94612

Dear Board Members:

**SUBJECT: PUBLIC HEARING FOR THE ISSUANCE OF BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 FOR MULTIFAMILY RENTAL HOUSING DEVELOPMENTS LOCATED THROUGHOUT ALAMEDA COUNTY TO BE ACQUIRED AND REHABILITATED BY BERKELEY 75 HOUSING PARTNERS, L.P.**

RECOMMENDATION:

It is recommended that your Board:

1. Hold a public hearing for the issuance of revenue bonds by the California Municipal Finance Authority (the "Authority") in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds"). The Bond proceeds will be used to finance the acquisition and rehabilitation of multifamily rental housing developments located in Berkeley, California. The facilities are to be owned by Berkeley 75 Housing Partners, L.P. (the "Borrower"); and
2. After the hearing, adopt the enclosed Approving Resolution.

DISCUSSION/SUMMARY:

The Borrower has requested that the Authority assist in the financing of the acquisition and rehabilitation of numerous multifamily housing rental developments. The proceeds of the Bonds will be loaned by the Issuer to the Borrower, and will be used to: (1) finance the acquisition and rehabilitation by the Borrower of all or a portion of 75 units of multifamily rental housing located at 1107, 1109, 1111, 1113, 1115, 1117, 1119, 1121, 1123, 1161, 1163, 1165, 1169, 1171, 1173 and 1175 Francisco Street; 1323 Channing Way; 2374 West Street; 1360, 1370 and 1371 Dwight Way, 2450 Valley Street; 1402, 1404, 1406 and 1408 Martin L. King Jr. Way; 1838 and 1840 Rose Street; 1500, 1502 and 1504 7th Street; 870 and 880 Jones Street; 1903, 1905, 1907, 1909, 1911, 1913, 1915, 1917, 1921, 1923, 1925 and 1927 Ward Street; 2024, 2026, 2028, 2030, 2032, 2034 and 2036 Virginia Street; 2725, 2727, 2729, 2731, 2733, 2735 and 2737 Sojourner Truth Court; 2798A and 2798B Sacramento Street; 1812A, 1812B and 1812C Fairview Street; 3016A and 3016B Harper Street; 1605A, 1605B and 1605C Stuart Street; 2231A and 2231B 8th Street; and 1521A, 1521B, 1521C and 1521D Alcatraz Avenue (collectively, the "Projects"), all

in the City of Berkeley, California; and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The Projects will be managed initially by Related Management Company. All or a portion of the rental units in the facility will be rented to persons and families of low or very low income.

The proposed financing will promote the common benefit by providing funds to finance or refinance the Project. Section 142 of the Internal Revenue Code of 1986, as amended (the "Code"), permits certain facilities, including, but not limited to, airports, sewage facilities, qualified residential rental projects and solid waste disposal facilities, including the Project described above, to be financed on a tax-exempt basis, so long as certain tax requirements are met. Such requirements, among others, include the "TEFRA" hearing, as described below. Further, certain facilities described in Section 142 of the Code may be owned and operated by private entities so long as certain tax requirements are met, including that the facility benefit the general public.

Section 147(f)(2) of the Code requires that in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes, the "applicable elected representative" of the host governmental unit must approve the issuance of debt. Such approval must follow a public hearing that has been preceded by reasonable public notice. This hearing and approval process is referred to as a "TEFRA" hearing, after the Tax Equity and Fiscal Responsibility Act of 1983. These regulations were promulgated under the Internal Revenue Code changes of 1986.

The assets that comprise the Project to be financed with the proceeds of the Bonds are located within the jurisdiction of the County, and the County is a member of the California Municipal Finance Authority. Therefore, the County has been asked to conduct the public hearing and to approve the Bonds as the host governmental unit. Proper notice has been made concerning this hearing.

The Bonds would be payable solely from amounts received pursuant to the terms and provisions of the financing agreement to be executed by the Borrower.

The County would not be a party to the financing agreement. The Bonds would not be secured by any form of taxation or by any obligation of either the County or the Authority. Neither would the Bonds represent or constitute a general obligation of either the County or the Authority. The Borrower has also provided comprehensive indemnification to the Authority and its members, including the County.

As announced in the published notice, this hearing is simply an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the Bonds and the nature or location of the facilities to be financed. There is no obligation on the part of the Borrower or the Board of Supervisors to respond to any specific comments made here or submitted today.

FINANCING:

The County's membership in the Authority bears with it no cost or other financial obligation, but serves as a public acknowledgement of the Project financing by the host jurisdiction.

Very truly yours,



Susan S. Muranishi  
County Administrator

SSM:EP

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Attachment

c: John Stoecker, California Municipal Finance Authority  
Paul Thimmig, Quint & Thimmig  
Andrea Weddle, Office of the County Counsel

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

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA APPROVING THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF FINANCING MULTIFAMILY HOUSING FACILITIES LOCATED IN THE CITY OF BERKELEY, CALIFORNIA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 AND CERTAIN OTHER MATTERS RELATING THERETO**

**WHEREAS**, pursuant Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), certain public agencies (the "Members") have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement") in order to form the California Municipal Finance Authority (the "Authority"), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

**WHEREAS**, the County of Alameda (the "County") is a member of the Authority; and

**WHEREAS**, the Authority is authorized to issue and sell revenue bonds for the purpose, among others, of financing or refinancing the acquisition and rehabilitation of multifamily rental housing projects; and

**WHEREAS**, Berkeley 75 Housing Partners, L.P. (the "Borrower") has requested that the Authority issue mortgage revenue bonds in one or more series in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds"), and lend the proceeds of the Bonds to the Borrower for the purpose of financing the costs of the acquisition and rehabilitation by the Borrower of all or a portion of 75 units of multifamily rental housing located at 1107, 1109, 1111, 1113, 1115, 1117, 1119, 1121, 1123, 1161, 1163, 1165, 1169, 1171, 1173 and 1175 Francisco Street; 1323 Channing Way; 2374 West Street; 1360, 1370 and 1371 Dwight Way, 2450 Valley Street; 1402, 1404, 1406 and 1408 Martin L. King Jr. Way; 1838 and 1840 Rose Street; 1500, 1502 and 1504 7<sup>th</sup> Street; 870 and 880 Jones Street; 1903, 1905, 1907, 1909, 1911, 1913, 1915, 1917, 1921, 1923, 1925 and 1927 Ward Street; 2024, 2026, 2028, 2030, 2032, 2034 and 2036 Virginia Street; 2725, 2727, 2729, 2731, 2733, 2735 and 2737 Sojourner Truth Court; 2798A and 2798B Sacramento Street; 1812A, 1812B and 1812C Fairview Street; 3016A and 3016B Harper Street; 1605A, 1605B and 1605C Stuart Street; 2231A and 2231B 8<sup>th</sup> Street; and 1521A, 1521B, 1521C and 1521D Alcatraz Avenue (collectively, the "Projects"), all in the City of Berkeley, California; and

**WHEREAS**, in order for the interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that an "applicable elected representative" of the governmental unit, the geographic jurisdiction of which contains the sites

of the various Projects to be financed with the proceeds of the Bonds, hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds following such hearing; and

**WHEREAS**, the Authority has determined that the Board of Supervisors of the County is an “applicable elected representative” for purposes of holding such hearing and approving the issuance of the Bonds; and

**WHEREAS**, the Authority has requested that the Board of Supervisors of the County approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of section 147(f) of the Code and the requirements of section 4 of the Agreement; and

**WHEREAS**, notice of such public hearing has been duly given as required by the Code and the Board of Supervisors of the County has heretofore held such public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing of the Projects and the and the Authority’s issuance of the Bonds therefor; and

**WHEREAS**, it is in the public interest and for the public benefit that the Board of Supervisors of the County approve the issuance of the Bonds by the Authority for the aforesaid purposes.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Supervisors of the County of Alameda as follows:

Section 1. The above recitals are true and correct.

Section 2. The Board of Supervisors of the County hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the Board that this Resolution constitute approval of the issuance of the Bonds (a) by the “applicable elected representative” of the governmental unit having jurisdiction over the area in which the Project is located in accordance with section 147(f) of the Code, and (b) by the Board of Supervisors of the County in accordance with section 4 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The County shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the County or any department thereof to (i) provide any financing to acquire or rehabilitate any of the Projects; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, rehabilitation or operation of any of the Projects; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. All other proper officers and officials of the County are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other

acts and deeds, as may be necessary or convenient to effectuate the purposes of this Resolution and the transaction approved hereby.

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

PASSED AND ADOPTED by the Board of Supervisors of the County of Alameda this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

AYES:

NOES:

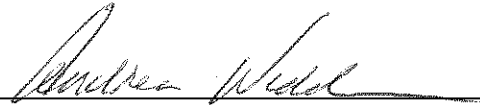
ABSTAIN:

ABSENT:

\_\_\_\_\_  
President of the Board of Supervisors  
County of Alameda, State of California

APPROVED AS TO FORM:

DONNA R. ZIEGLER, COUNTY COUNSEL

By:   
Andrea L. Weddle  
Assistant County Counsel

[SEAL]

Attest:

By: \_\_\_\_\_  
Clerk of the Board of Supervisors

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6/10/13