

June 2, 2004

Honorable Mayor and Members of
The Hermosa Beach City Council

Regular meeting of
June 8, 2004

**PUBLIC HEARING TO CONSIDER THE ADOPTION OF A RESOLUTION
APPROVING THE ISSUANCE OF MOBILE HOME PARK REVENUE BONDS
BY THE INDEPENDENT CITIES LEASE FINANCE AUTHORITY FOR THE
MARINELAND MOBILE HOME PARK**

Recommendation:

That the City Council adopt the subject resolution approving the issuance of Revenue Bonds for the purchase of Marineland Mobile Home Park by Millennium Housing of California, a California nonprofit corporation.

Background:

Millennium Housing of California, a California nonprofit corporation, is in the process of purchasing Marineland Mobile Home Park from the present owners. Millennium has purchased a number of mobile home parks in California, and operates them on a nonprofit basis. The program that they operate will allow the residents to buy the park from Millennium at a later date at a price set forth now. The program will allow all of the residents to stay in the park if they wish. The zoning and general plan designations stay the same as they are now. The only plans that they have for the park is to improve it and operate as a nonprofit corporation with a high level of input from the residents. The bonds that will be issued by the Independent Cities Lease Finance Authority will be paid back from the income from the rents collected in the park. The City of Hermosa Beach is not responsibility for the bond repayment. The City Council is involved in the transaction because the Internal Revenue Code of 1986 requires that the City Council approve the issuance of Independent Cities Lease Finance Authority revenue bonds.

The revenue bonds are for a total of \$8,000,000. And will be paid back over a 35-year period. All bond repayments will come from the rents paid by the residents of the park. In addition, Millennium has made an offer to the residents that they may buy the park from Millennium at a set price for a period of 10 years. In our meeting with representative of Millennium and Authority staff, they explained that they have presented this program to the residents of the park and the residents welcomed the purchase of the mobile home park from the present owners. In order to qualify for the tax exempt financing, the park must continue to provide opportunities to residents on all income levels. This will be an ongoing responsibly of Millennium during the life of the revenue bonds.

The financing team has provided draft documents that detail various aspects of the transactions if you are interested in reviewing them a copy in available in the office.

The residents seem to welcome this approach and perhaps, in the future, the residents, under the option that is provided by Millennium, can obtain the ownership.

Again, there is not any risk to the City by approving the resolution and allowing the “private activity bonds” to be issued by the Independent Cities Lease Finance Authority on behalf of the Millennium Housing Corporation of California. Representatives of Millennium will be attending the meeting and will be available to answer any questions that you might have regarding the transaction.

Respectfully submitted,

Stephen R. Burrell
City Manager

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF HERMOSA BEACH
APPROVING THE ISSUANCE OF
MOBILE HOME PARK REVENUE BONDS BY THE
INDEPENDENT CITIES LEASE FINANCE AUTHORITY
FOR THE MARINELAND MOBILE HOME PARK**

WHEREAS, the Independent Cities Lease Finance Authority (the “Authority”) is authorized pursuant to the provisions of California Government Code Section 52100 and the terms of the Joint Powers Agreement Creating the Independent Cities Lease Finance Authority (the “Authority”), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects, including mobilehome parks; and

WHEREAS, the City of Hermosa Beach is an associate member of the Authority; and

WHEREAS, Millennium Housing of California, a California nonprofit corporation (“Millennium”) has requested that the Authority issue mobilehome park revenue bonds in one or more series in an aggregate principal amount not to exceed \$8,000,000 (the “Authority Bonds”) for the purpose of providing financing for the acquisition of a 60-unit mobile home park located at 531 Pier Avenue, Hermosa Beach, California, and known as Marineland Mobile Home Park (the “Project”); and

WHEREAS, the Project will be owned by Millennium, or a successor, assign or affiliate thereof (the “Owner”); and

WHEREAS, the Authority Bonds will be qualified “private activity bonds” for purposes of the Internal Revenue Code of 1986 (the “Code”); and

WHEREAS, pursuant to Section 147(f) of the Code, the proposed issuance of private activity bonds is required to be approved by the “applicable elected representative” of the governmental unit having jurisdiction over the area in which the facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the Project is located in the City of Hermosa Beach (the “City”) and the members of the City Council (this “City Council”) are the applicable elected representatives of the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the proposed issuance of the Authority Bonds would be held on the date hereof; and

WHEREAS, such public hearing was conducted on said date by this City Council, at which time an opportunity was provided to interested parties to be heard with respect to the proposed issuance of the Authority Bonds and financing of the Project; and

WHEREAS, it is intended that this resolution shall constitute the approval of the proposed issuance of the Authority Bonds required by Section 147(f) of the Code;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hermosa Beach as follows:

Section 1. **Approval of Issuance of Authority Bonds.** This City Council hereby approves the issuance of the Authority Bonds by the Authority. It is the purpose and intent of this City Council that this resolution constitutes approval of the Authority Bonds for the purposes of Section 147(f) of the Code. This City Council further finds

that, based on information provided by the Owner, the financing of the Project by the Authority will result in savings in the costs of the Bond financing.

Section 2. **Effective Date.** This resolution shall take effect immediately upon its passage.

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF HERMOSA BEACH)

I, _____, City Clerk of the City of Hermosa Beach, certify that the foregoing resolution was adopted by the City Council of the City of Hermosa Beach at a regular meeting held on the _____ day of _____, 2004.

AYES:
NOES:
ABSENT:
ABSTAIN:

City Clerk

By: _____