

Council Meeting
October 20, 2009

PUBLIC HEARING

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

Subject: Finance – Public Hearing - Conduit financing for the Del Harbor Foundation, a California nonprofit public benefit corporation (or any successor or assigns thereto) (the “Borrower”) Expenditure: None

RECOMMENDATION

Recommendation of the Finance Director that the City Council hold a public hearing and adopt a **RESOLUTION** approving the tax-exempt financing and the issuance of the revenue bonds by the California Municipal Finance Authority (CMFA) for the Borrower, solely for the purposes of satisfying the requirements of the Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA), the Internal Revenue Code and the California Government Code Section 6500 (and following).

Funding

The City has no liability with respect to repayment of the bonds and will not be a party to any of the bond documents. California Municipal Finance Authority (CMFA) and the Del Harbor Foundation will be parties to the bond financing documents. The bonds are a limited obligation of the Authority and will be payable from revenues of the project.

BACKGROUND

The City of Torrance is being asked to adopt a resolution approving the issuance of tax-exempt bonds by the California Municipal Financing Authority (the “Authority”) for the Del Harbor Foundation , a California nonprofit public benefit corporation (the “Borrower”).

The Borrower requested that the CMFA serve as the municipal issuer of revenue bonds in one or more series (the “Bonds”) in an aggregate principal amount not to exceed \$27,500,000 of tax-exempt revenue bonds. The proceeds of the bonds will be loaned by the Authority to the Del Harbor Foundation, a California nonprofit public benefit corporation (or any successor or assigns thereto), and applied by the Borrower to the acquisition of certain real property and improvements thereon (consisting of two buildings located at 21231 and 21307 Hawthorne Blvd., Torrance, California 90503) (collectively, the “Project”) and to pay certain expenses incurred in connection with the issuance of the Bonds. The principal tenant of the Project will be the Harbor Developmental Disabilities Foundation, Inc., known as the Harbor Regional Center (“HRC”), which will use the Project primarily in its furtherance of its charitable mission of coordinating services to individuals with developmental disabilities.

The Harbor Regional Center provides services to over 10,000 individuals with developmental disabilities, and to infants and toddlers at high risk for becoming developmentally disabled, who

live in the southeast portion of Los Angeles County, California, in the Harbor, Torrance, Long Beach and Bellflower health districts.

Such approval is required for compliance with the federal tax laws under the Tax and Equity Fiscal Responsibility Act of 1982 ("TEFRA"), as well as Section 9 of the Authority's Amended and Restated Joint Powers Agreement (the "Agreement"). This approval will not constitute any other approval of the local agency. Therefore, in order for any financing for a private entity to be completed on a tax-exempt basis, the TEFRA hearing process must be completed by the legislative body of the local agency in which the proposed project will be located.

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. The City of Torrance is a member of CMFA. The agreement explicitly provides that CMFA is a public entity, separate and apart from the members executing the agreement, and the debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members.

The bonds to be issued for this project will be the sole responsibility of the Borrower, and the City will have no contractual, financial, legal or moral obligation or liability for the repayment of these bonds. All bond documents will contain clear disclaimers that the bonds are not obligations of the City or CMFA but are paid only from funds provided by the Borrower.

Participation by the City in CMFA does not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Once the City adopts the required resolution, no other participation of the City in the actions of CMFA or in the bond financing will be required.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for CMFA. Through its conduit issuance activities, CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the City of Torrance, it is expected that 25% of the issuance fee will be granted by CMFA to the City's general fund. Such grant may be used for any lawful purpose of the City. The Del Harbor Foundation will be the beneficiary of the charitable donation through a 25% reduction in issuance fees.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:



LeRoy J. Jackson
City Manager

Attachments:

- A. Resolution
- B. Copy of Daily Breeze Public Notice
- C. Location Maps
- D. Hearing Script (Limited Distribution)

RESOLUTION NO. 2009-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS (HARBOR REGIONAL CENTER PROJECT), SERIES 2009 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$27,500,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION, REHABILITATION, IMPROVEMENT AND EQUIPPING OF OFFICE BUILDINGS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the Del Harbor Foundation, a California nonprofit public benefit corporation (the "Borrower"), has requested that the California Municipal Finance Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$27,500,000 (the "Bonds") for the purpose of financing the acquisition of certain real property and improvements thereon (consisting of two buildings located at 21231 and 21307 Hawthorne Blvd., Torrance, California 90503) for use primarily as office facilities to be owned and operated by the Borrower and located within the City of Torrance (the "City") and leased to the Harbor Developmental Disabilities Foundation, Inc., known as the Harbor Regional Center ("HRC"), to further the continuance of the Borrower's and HRC's mission of coordinating services to individuals with developmental disabilities; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the City because the Project is located within the territorial limits of the City; and

WHEREAS, the City Council of the City of Torrance (the "Council") is the elected legislative body of the City and is an applicable elected representative required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the Council approve the issuance of the Bonds by the Authority to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement"), among certain local agencies, including, the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF TORRANCE, AS FOLLOWS:

Section 1. The Council hereby approves the issuance of the Bonds by the Authority for the purposes of financing, among other things, the Project. It is the purpose and intent of the Council that this resolution constitute approval of the issuance of the Bonds by the Authority for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with such Section 147(f), and (b) Section 4 of the Agreement.

Section 2. The City Manager of the City and his designees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to, and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 3. This resolution shall take effect immediately upon its adoption and execution in the manner as required by the City Charter.

Section 4. This resolution shall take effect upon its adoption.

Introduced, approved and adopted this 20th day of October, 2009.

Mayor Frank Scotto

APPROVED AS TO FORM:
JOHN FELLOWS III, City Attorney

ATTEST:

By _____
Patrick Sullivan, Deputy City Attorney

Sue Herbers, City Clerk

DB 10-33

**NOTICE OF PUBLIC HEARING
REGARDING FINANCING BY THE
CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

NOTICE IS HEREBY GIVEN, that at the Council Chambers, located at 3031 Torrance Blvd., Torrance, California 90503, on October 20, 2009, at 7:00 P.M., the City Council of the City of Torrance, California (the "City") will conduct a public hearing (the "Public Hearing") concerning the issuance and sale by the California Municipal Finance Authority (the "Authority") of revenue bonds in one or more series (the "Bonds") in an aggregate principal amount not-to-exceed \$27,500,000. The proceeds of the Bonds will be loaned by the Authority to the Del Harbor Foundation, a California nonprofit public benefit corporation (or any successor or assigns thereto) (the "Borrower"), and applied by the Borrower to the acquisition of certain real property and improvements thereon (consisting of two buildings located at 21231 and 21307 Hawthorne Blvd., Torrance, California 90503) (collectively, the "Project") and to pay certain expenses incurred in connection with the issuance of the Bonds. The principal tenant of the Project will be the Harbor Developmental Disabilities Foundation, Inc., known as the Harbor Regional Center ("HRC"), which will use the Project primarily in its furtherance of its charitable mission of coordinating services to individuals with developmental disabilities. The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986.

The Bonds and the obligation to pay principal of and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds will be limited obligations of the Authority, payable solely from certain revenues duly pledged therefor and generally representing interest payments on or repayments of the loan received from the Borrower.

Interested persons wishing to express their views on the issuance of the Bonds or on the Project proposed to be financed with the proceeds of the Bonds may attend the public hearing or, prior to the time of the hearing, submit written comments to the City Clerk at the address indicated below.

Additional information concerning the above matter may be obtained from, and written comments should be addressed to, City Clerk, City of Torrance, 3031 Torrance Blvd., Torrance, California 90503.

Date: October 2, 2009

CITY OF TORRANCE

By: _____

Sue Herbers

City Clerk, City of Torrance

Pub: October 06, 2009



