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City of Los Angeles



Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT

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Los Angeles, CA 90017
Tel: 213.808.8808

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October 17, 2022

Council File: 17-1271-S1
Council Districts: 11
Contact Persons: Dianne Mattingly: (213) 808-8983
Apolinar Abrajan: (213) 808-8947

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO ADOPT THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT (“TEFRA”) RESOLUTION AND TEFRA MINUTES AND TO RE-ISSUE A TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BOND IN THE AMOUNT OF \$23,437,500 FOR MISSOURI PLACE APARTMENTS, A SUPPORTIVE AND AFFORDABLE HOUSING PROJECT

SUMMARY

The General Manager of the Los Angeles Housing Department (“LAHD”) respectfully requests authority to re-issue a tax-exempt Multifamily Housing Conduit Revenue Bond in the amount of \$23,437,500 for the development of Missouri Place Apartments (“Project”). The Project consists of a 74-unit residential development located at 11950 Missouri Avenue, Los Angeles, CA 90025, in Council District 11, currently in development by Thomas Safran & Associates Development, Inc., with a total per-unit development cost of \$620,916 and a per-unit Proposition HHH Supportive Housing Loan Program (“HHH”) subsidy of \$155,676. The reissuance must be completed prior to the conversion of the construction loan to the permanent loan, which is estimated to occur on or about November 15, 2022.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. ADOPT the Resolution, provided as Attachment A to this report, adopting the Tax Equity and Fiscal Responsibility Act Resolution and TEFRA minutes and authorizing the reissuance of \$23,437,500 in tax-exempt Multifamily Housing Conduit Revenue Bond for the development of the Missouri Place Apartments project; and,
 - B. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute the relevant bond

documents for the Project, subject to the approval of the City Attorney as to form.

BACKGROUND

Project Summary

The supportive housing development is located at 11950 Missouri Avenue, Los Angeles, CA 90025, in Council District 11. The project is new construction of a six-story stucco building with 74 units. Originally, the city owned and operated the property as the former West LA Animal Shelter, with three (3) single-story structures and asphalt paving. However, the property and its buildings ceased functioning as an animal shelter and had been vacant for decades. The city consequently approved the site for affordable housing. All of the existing structures were demolished as part of the construction process in order to make way for the new residential housing project, Missouri Place Apartments. The unit makeup includes 40 one-bedroom units, 24 two-bedroom units, 10 three-bedroom units, one of which is the manager's unit. The units range in size from 618 square feet ("sf") for one-bedroom units, 843-937 sf for two-bedroom units, and 1,142-1,248 sf for three-bedroom units.

Project amenities include cable and internet hook-ups, elevator service, and a single-level, at-grade gated parking garage, which will include dedicated long-term bicycle parking for residents. In addition, a central community space includes a community kitchen, television with sitting area, a computer room, a fitness room, central laundry facilities, onsite management and case worker offices, outdoor landscaped courtyard space, a children's playground, and barbecue area.

The on-site social services and activities for all residents are to be administered by Thomas Safran & Associates Inc. (the Property Manager). Intensive case management and supportive services are to be provided by Imagine Los Angeles, Inc. ("Imagine") and funded by the Los Angeles County Department of Health Services ("DHS") using Measure H funds.

The City of Los Angeles transferred the ownership of the land to Missouri and Bundy Housing, L.P, ("Borrower") via a 99-year ground lease, executed October 23, 2019 (C.F. No 17-1274-S2, Contract No. C131167).

Financing History

Previously, on July 3, 2018, LAHD executed an inducement letter in an amount not to exceed \$23,437,500. The letter evidenced the official intent of the City of Los Angeles to issue bond(s) for the development. The letter was executed per previous authority granted to LAHD by the City Council and Mayor (C.F. No. 04-2646). On July 19, 2018, on behalf of the Borrower, LAHD submitted a bond application to the California Debt Limit Allocation Committee ("CDLAC") requesting \$18,750,000 in tax-exempt issuance authority which was awarded on September 19, 2018. Per the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") requirements, on August 10, 2018, a TEFRA Resolution requesting authority to issue bond(s) in the amount not to exceed \$23,437,500 was approved by the City Council and the Mayor (C.F. No. 17-1274-S1). The TEFRA Resolution summarized that a public hearing was publicized, took place, and the hearing minutes were provided to the City Council and the Mayor. A copy of the inducement letter and evidence of the TEFRA requirements were met were included as part of the CDLAC application.

On May 15, 2019, the Project was awarded an additional bond allocation of \$4,687,500 from CDLAC. The total allocated bond amount was \$23,437,500. Consequently, on October 23, 2019, the City of Los Angeles issued its Multifamily Housing Revenue Bond (Missouri Place Apartments) Series 2019E (the “Bond”) in the amount of \$23,437,500.

A re-issuance of the Bond is needed because the Borrower 1) is increasing the amount of the permanent loan by \$2,000,000 from a total permanent loan of \$13,600,000 to a total of \$15,600,000 and 2) is seeking an extension of the permanent conversion date and therefore of the interest-only construction period. These combined changes will trigger a reissuance of the Bond because the changes create a deferral of payments outside of the five year/50% safe harbor rules of the Internal Revenue Service (“IRS”). There will be no additional increase to the bond funds, and only the Permanent Loan Agreement and Trust Indenture will be amended.

Per the TEFRA requirements, on September 29, 2022, LAHD held an additional TEFRA hearing for the re-issuance of the Bond. Notice of the public hearing was published on September 22, 2022 and a copy of the hearing minutes is attached

Sources and Uses

Tables 1, 2, and 3, below, provide a summary of the sources and uses for the Project, including cost per unit and cost category percentages.

TABLE 1 – CONSTRUCTION SOURCES			
Construction	Total Sources	Per Unit	% Total
Tax-Exempt Loan – Bank of America, N.A.	\$23,437,500	\$316,723	51.0%
LAHD HHH Loan	\$11,520,000	\$155,676	25.1%
FHLB AHP*	\$1,095,000	\$14,797	2.4%
Deferred Reserves/Costs	\$625,816	\$8,457	1.4%
Limited Partner Tax Credit Equity	\$6,005,048	\$81,149	13.1%
GP Advances	\$833,193	\$11,259	1.8%
Deferred Soft Lender Interest	\$331,200	\$4,476	0.72%
Deferred Developer Fee	\$2,100,000	\$28,378	4.6%
TOTAL	\$45,947,757	\$620,916	100%

* Federal Home Loan Bank, Affordable Housing Program (“FHLB AHP”)

TABLE 2 – PERMANENT SOURCES			
Permanent	Total Sources	Per Unit	% Total
Tax-exempt Permanent Loan - CCRC*	\$15,600,000	\$210,811	34.0%
LAHD HHH Loan	\$11,520,000	\$155,676	25.1%
FHLB AHP*	\$1,095,000	\$14,797	2.4%
Deferred Developer Fee	\$139,278	\$1,882	0.30%
Limited Partner Tax Credit Equity	\$17,593,479	\$237,750	38.3%
TOTAL	\$45,947,757	\$620,916	100%

* California Community Reinvestment Corporation (“CCRC”)

TABLE 3 – USES OF FUNDS			
Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$23,500	\$318	0.05%
Construction Hard Costs	\$34,774,541	\$469,926	75.7%
Architecture & Engineering	\$1,927,975	\$26,054	4.2%

Construction Interest Fees and Expenses	\$1,633,427	\$22,073	3.6%
Permanent Financing Costs	\$1,275,139	\$17,232	2.8%
Total Hard Contingency Costs	\$600,315	\$8,112	1.3%
Total Soft Contingency Costs	\$28,320	\$383	0.06%
Legal Costs	\$146,457	\$1,979	0.32%
Capitalized Reserves	\$684,756	\$9,253	1.5%
Permits and Local Fees	\$1,270,921	\$17,175	2.8%
Developer Fee	\$2,500,000	\$33,784	5.4%
Other Project Costs	\$1,082,406	\$14,627	2.4%
TOTAL	\$45,947,757	\$620,916	100%

Labor Costs

Labor costs for the construction of the Project are subject to California prevailing wage requirements, and/or federal wage requirements under the Davis-Bacon Act of 1931 and Related Acts, as applicable.

Affordability Restrictions

Pursuant to the City’s Affordable Housing Bond Policies & Procedures (“AHBPP”) for Private Activity Bonds for Multifamily Rental Properties, approved September 24, 2019, the Project must provide long-term affordable housing in the City of Los Angeles. Therefore, in connection with the issuance of the tax-exempt Bond, a Bond Regulatory Agreement was executed and recorded in the official records of the Los Angeles County Recorder’s Office. The Bond Regulatory Agreement included affordability restrictions throughout a term ending no sooner than the later of: 1) 15 years after the date on which 50% of the dwelling units are first occupied; 2) the date such bond(s) are paid in full; or, 3) the date on which any Section 8 assistance terminates, if applicable. In addition to the above, the bond award includes a CDLAC Resolution, which requires that the Project’s affordable housing units remain affordable for 55 years.

Additionally, on October 17, 2018, the Project was awarded an allocation of 4% Low Income Housing Tax Credits (“LIHTC”) from the California Tax Credit Allocation Committee (“CTCAC”). As a result of the LIHTC award, the project will have affordability restrictions for a term of 55 years. The CDLAC affordability restrictions mean that for at least 55 years at least 40% of the units have to be rented at or below 60% of the Area Median Income (“AMI”). The Bond Regulatory Agreement does not require amending as part of the tax-exempt bond(s) reissuance, and will remain in force.

At least 44 supportive and affordable housing units are targeted toward homeless and chronically homeless individuals and families, at or below 50% of AMI; of the 44 units, 22 are reserved for homeless, and 22 reserved for chronically homeless individuals and families; and, 29 of the affordable units are reserved for individuals and families whose income is at or below 60% AMI; the remaining unit will be reserved as a Manager’s Unit. Table 4, below, provides a summary of the project unit mix, pursuant to the CDLAC Resolution.

TABLE 4 – CDLAC AFFORDABILITY RESTRICTIONS

Unit Type	Units at or below 50% AMI	Units at or below 60% AMI	Un-restricted (Manager’s Unit)	Total Number of Units
One-Bedroom	27	13	-	40
Two-Bedroom	12	12	-	24
Three-Bedroom	5	4	1	10
Total	44	29	1	74

Development Team

The Borrower/Sponsor is Missouri and Bundy Housing, L.P., a California limited partnership, comprised of Missouri and Bundy Housing, LLC (“MBH”), as administrative general partner with a 0.0049% ownership interest; and, Housing Corporation of America (“HCA”) as managing general partner with a 0.0051% ownership interest. Bank of America N.A. (“Bank of America”), as investor limited partner will own 99.98% interest and Bank of America CDC Special Holding, Inc. is the sole special limited partner with 0.01% ownership interest of the limited partnership. The Borrower entity is currently in compliance with LAHD’s Business Policy (C.F. No. 99-1272).

MBH key staff members are: Thomas L. Safran, Chairman; Jordan Pynes, President; Tyler Money, Vice President, and Renee Groves, Chief Financial Officer.

HCA key staff members are: Carol Cromar, President.

The developer, Thomas Safran & Associates Development, Inc. has previously been, or is currently involved with the development of 274 multifamily rental housing projects consisting of a total of 2,094 housing units.

Borrower: Missouri and Bundy Housing, L.P.
11811 San Vicente Blvd.
Los Angeles, CA 90049
Contact: Jordan Pynes, President
Phone: (310) 820-4888

Additional Project development team members are:

Developer: Thomas Safran & Associates Development, Inc.
11811 San Vicente Blvd
Los Angeles, CA 90049
Contact: Sara Dabbs
Phone: (424) 372-9875

Architect: Withee Malcom Architects.
2251 W. 190th Street
Torrance, CA 90504
Contact: Dan Withee
Phone: (310) 217-8885

Attorney:	Bocarsly Emden Cowan Esmail 633 W Fifth Street, 64th Floor Los Angeles, CA 90071 Contact: Nicole Deddens Phone: (213) 239-8029
General Contractor:	Bernards Builders, Inc. 555 First Street San Fernando, CA 91340 Contact: Brian Sharp Phone: (661) 802-0971
Property Manager:	Thomas Safran & Associates, Inc. 11811 San Vicente Blvd. Los Angeles, CA 90049 Contact: Jordan Pynes Phone: (310) 820-4888
Tax Credit Investor:	Bank of America, N.A. 520 Newport Center Drive, Suite 1100 Newport Beach, CA 92660 Contact: Casey Carpenter Phone: (949) 287-0479

Financial Structure

The City, as Issuer, previously issued the Bond in the amount of \$23,437,500, which was unenhanced and unrated but subject to the City's AHBPP, in one or more series. The Bond was purchased by Bank of America ("Bondowner" or "Lender"). The City made a loan of the sale proceeds of the Bond to the Borrower in the amount of \$23,437,500 ("Construction Loan"), pursuant to the terms of a Loan Agreement among the Issuer, the Borrower, and U.S Bank Trust Company, National Association (successor to U.S. Bank National Association, "Trustee") acting under a Trust Indenture ("Indenture") between the City, and the Trustee. The Construction Loan will convert to a tax-exempt permanent loan in an amount not to exceed \$15,600,000 (the "Permanent Loan"). The Borrower executed a promissory note ("Note") as evidence to repay the loan. The Issuer assigned the Note to the Trustee, as security for the Bond. Among its various functions, the Trustee received funds advanced by Bondowner in exchange for additional principal amount of the Bond and released such funds to the Borrower for the Project construction.

The Construction Loan had an original term of 26 months and an interest rate equal to the sum of the 30-Day London Inter-Bank Offered Rate ("LIBOR") Index Rate plus a spread of 1.65% per annum (adjusted monthly 0.09%), with a LIBOR index floor rate of .025%; the current indicative rate is 1.90%. Effective April 23, 2022, the parties agreed that LIBOR should be replaced with a successor rate based on the Secured Overnight Financing Rate ("SOFR"). The interest rate was amended to the sum of the Daily SOFR for that day plus 176.448 basis points ("Daily SOFR"). During the construction phase, the monthly payments are interest only and the loan has been extended to a maturity date of April 23, 2023.

At conversion from construction financing to permanent financing, the Construction Loan will be paid down with sources available at the permanent financing phase, including investor equity. Concurrently, the Construction Loan will convert to a \$15,600,000 Permanent Loan with the California Community Reinvestment Corporation (“CCRC”) and will have a 40-year amortization period, due in an 18-year term period at a blended interest rate; the current indicative interest rate is 4.10%. The initial loan amount of \$13.6M has a locked rate, the additional \$2M will carry a new rate. Currently, this blended rate is estimated at 4.10 %.

The financing structure also consists of committed financing or loans in the amount of \$11,520,000 in Proposition HHH Supportive Housing Loan Program funds (C.F. No. 17-0090-S2 and 17-0090-S8, Contract No. C-134259); \$1,095,000 in Federal Home Loan Bank, Affordable Housing Program funds; and an allocation of \$17,593,479 in 4% Low Income Housing Tax Credits through Bank of America. In addition, the Project will be receiving rental subsidies from the Housing Authority of the City of Los Angeles (“HACLA”) in the form of 44 Project-Based Vouchers (“PBV”) for the 44 permanent supportive housing units, and funding for Intensive Case Management Services (“ICMS”) for the 44 units from the Los Angeles County Department of Health Services.

LAHD requires that the Lender meet the City’s Responsible Banking Ordinance No. 182138 reporting requirements. At closing of the reissuance, Bond Counsel will provide the required legal opinions as to the tax-exempt status of the interest on the bond(s), under federal and state law. The legal and financing documents include language that establishes the bond structure as a limited obligation and strictly payable from Project revenues. The Project financing complies with both the City’s AHBPP and Financial Policies. Additionally, the legal and financing documents require the Borrower to provide annual statements and information as requested by LAHD.

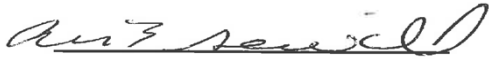
LAHD’s Bond Team for the financing of the Project is as follows:

Bond Issuer Municipal Advisor:	CSG Advisors, Inc. 315 W. 5 th Street, Suite 302 Los Angeles, CA 90013
Bond Issuer Counsel:	Los Angeles City Attorney 200 N. Spring Street, 21st Floor Los Angeles, CA 90012
Bond Counsel:	Kutak Rock LLP 777 S. Figueroa Street, Suite 4550 Los Angeles, CA 90017

FISCAL IMPACT

There is no fiscal impact to the General Fund as a result of the reissuance of the Bond. The City is a conduit issuer and will not incur liability for repayment of the Bond. The Bond is a limited obligation, payable strictly from revenue derived from the Project. The City will not be obligated to make payments on the Bond.

Approved By:

A handwritten signature in dark ink, appearing to read "Ann Sewill", written over a horizontal line.

ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENTS:

Missouri Place Bond Resolution - Amendments - Reissue 2022 9-20-22
Missouri Place First Supplemental Indenture 9-20-22
2022.09.29 TEFRA Minutes

RESOLUTION
CITY OF LOS ANGELES

A RESOLUTION APPROVING FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 THE TECHNICAL REISSUANCE OF BONDS BY THE CITY OF LOS ANGELES TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT LOCATED WITHIN THE CITY OF LOS ANGELES AND APPROVING, FURTHER, CERTAIN AMENDMENTS TO THE EXISTING BOND DOCUMENTS.

WHEREAS, the City of Los Angeles (the “City”) is authorized, pursuant to Section 248, as amended, of the City Charter (the “Charter”) of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the “Law”), to issue its revenue bonds for the purposes of providing permanent financing for the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income (the “Program”) which will satisfy the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”); and

WHEREAS, the City previously issued its Multifamily Housing Revenue Bond (Missouri Place Apartments), Series 2019E in the aggregate principal amount of \$23,437,500 (the “Bond”) pursuant to a Trust Indenture dated as of October 1, 2019 (the “Indenture”) between the City and U.S. Bank National Association (now succeeded in interest by U.S. Bank Trust Company, National Association), as trustee (the “Trustee”) to fund a loan to finance the acquisition, construction and equipping of that certain multifamily rental housing project described in paragraph 9 below (the “Project”); and

WHEREAS, the Project is located wholly within the City; and

WHEREAS, the owner of the Project, Missouri and Bundy Housing LP, has requested that the City approve modifications to the Indenture and certain other loan documents to increase the permanent loan amount of the Bond pursuant to a First Supplement to Indenture of Trust (the “Supplemental Indenture”); and

WHEREAS, it is in the public interest and for the public benefit that the City authorize, execute and deliver as necessary the Supplemental Indenture and it is within the powers of the City to provide for such amendments; and

WHEREAS, the amendments effected by the Supplemental Indenture will cause the Bond to be “reissued” under the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the interest on the “reissued” Bond may qualify for a federal tax exemption under Section 142(a)(7) of the Code, only if such reissued Bond is approved in accordance with Section 147(f) of the Code; and

WHEREAS, pursuant to the Code, the Bond is required to be approved, following a public hearing, by an elected representative of the issuer of the Bond (or of the governmental unit on behalf of which the Bond is issued) and an elected representative of the governmental unit having jurisdiction over the area in which the relevant Project is located; and

WHEREAS, this City Council is the elected legislative body of the City and is the applicable elected representative required to approve the issuance of the Bond within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the City caused notices to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on July 6, 2018, and September 22, 2022, to the effect that public hearings would be held on July 20, 2018, and September 29, 2022, respectively, regarding the issuance of the Bond; and

WHEREAS, the Los Angeles Housing and Community Investment Department (now the Los Angeles Housing Department) held said public hearing on such date, at which time an opportunity was provided to present arguments both for and against the issuance of the Bond; and

WHEREAS, the minutes of such public hearing, together with any written comments received in connection therewith, have been presented to the City Council; and

WHEREAS, the form of the Supplemental Indenture has been presented to the City Council;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Los Angeles, as follows:

1. The recitals hereinabove set forth are true and correct, and this City Council so finds. This Resolution is being adopted pursuant to the Law and in accordance with the Act.
2. Pursuant to and solely for the purposes of Section 147(f) of the Code, the City Council hereby approves the reissuance of the Bond by the City in one or more series to finance the Project. It is intended that this Resolution constitute approval of the reissued Bond: (a) by the applicable elected representative of the issuer of the Bond and (b) by the applicable elected representative of the governmental unit having jurisdiction of the area in which the Project is located in accordance with said Section 147(f).
3. The execution and delivery on behalf of the City of the Supplemental Indenture substantially in the form presented to the City Council, for the purpose of (i) increasing the permanent loan amount of the Bond, (ii) extending the conversion date (iii) making various ancillary or conforming changes to the Supplemental Indenture and (iv) consenting to any other related amendments requiring the City's consent, is hereby approved, and each Authorized Representative (as such term is defined in the Indenture) is hereby authorized and directed, for and on behalf of the City, to execute the Supplemental Indenture with such changes as such Authorized Representative of the City may approve upon consultation with the City Attorney and/or Bond Counsel and approval by the City

Attorney, such approval by the Authorized Representative of the city to be conclusively evidenced by the execution of such Supplemental Indenture.

4. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Bond are hereby approved, confirmed and ratified, and each Authorized Representative of the City, the City Clerk and other properly authorized officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including, but not limited to, those described in the Indenture.

5. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Authorized Representative of the City and to affix and attest the seal of the City as may be appropriate in connection with the execution and delivery of any of the documents authorized by this resolution, provided that the due execution and delivery of said documents or any of them shall not depend on such signature of the City Clerk or any deputy thereof or affixing of such seal. Any of such documents may be executed in multiple counterparts.

6. In addition to the Authorized Representative of the City, any official of the City, including any official of the Los Angeles Housing Department, as shall be authorized in writing by the Mayor of the City, is hereby authorized for and on behalf of the City to execute and deliver any of the agreements, certificates and other documents, except the Bond, authorized by this Resolution.

7. Each Authorized Representative of the City and other properly authorized officials of the City as specifically authorized under this resolution are hereby authorized, directed and empowered on behalf of the City and the City Council to execute any other additional applications, certificates, agreements, documents or other instruments or any amendments or supplements thereto, subject to approval by the City Attorney as to form, or to do and to cause to be done any and all other acts and things as they may deem necessary or appropriate to carry out the purpose of the foregoing authorizations and to address any issues arising with respect to the Bond or the agreements relating thereto subsequent to their issuance.

8. This Resolution shall take effect immediately upon its passage and adoption.

9. The “Project” referred to herein is as follows:

Project Name	Number of Units	Address	Owner
Missouri Place Apartments	73 units (plus one manager unit)	11950 Missouri Avenue, Los Angeles, CA 90025	Missouri and Bundy Housing LP

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I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on _____, 20__.

By _____

Name _____

Title _____

**FIRST SUPPLEMENT TO
INDENTURE OF TRUST**

THIS FIRST SUPPLEMENT TO INDENTURE OF TRUST (this “First Supplement”), dated as of November [15], 2022 (the “Effective Date”), is by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California, duly organized and existing under its charter and the laws of the State of California (the “City” or the “Issuer”), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (successor to U.S. Bank National Association, the “Trustee”), **BANK OF AMERICA**, a national banking association organized and existing under the laws of the United States of America (the “Majority Owner”), and **MISSOURI AND BUNDY HOUSING LP**, a California limited partnership (the “Borrower”) and amends and supplements that certain Trust Indenture dated as of October 1, 2019 (the “Original Indenture”) between the Issuer and the Trustee relating to \$23,437,500 in principal amount of the City’s Multifamily Housing Revenue Bond (Missouri Place Apartments), Series 2019E (the “Bond”).

WHEREAS, pursuant to the Original Indenture and Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the “Act”), the Issuer has issued the Bond; and

WHEREAS, the Borrower, Barings CCRC Mortgage Fund III, LLC, a California limited liability company (“Barings”), and the Majority Owner have agreed that the principal amount of the Bond to be purchased by Barings upon conversion shall be increased to an amount up to \$[15,600,000]; and

WHEREAS, Section 8.02 of the Original Indenture permits the Issuer and the Trustee, from time to time and at any time with the consent of the Owner, to enter into an indenture or indentures supplemental to the Original Indenture; and

WHEREAS, the Majority Owner is currently the sole registered Owner of the Bond; and

WHEREAS, the Issuer, the Majority Owner, Barings and the Trustee have received an Opinion of Counsel that this First Supplement will not cause the interest on the Bond to be includable in gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation and that this First Supplement is authorized or permitted by the Original Indenture; and

WHEREAS, pursuant to the Original Indenture, the Issuer, the Trustee, the Majority Owner (as “Majority Owner” and Servicer), and the Borrower have evidenced their consent to the terms of this First Supplement and waived all required notices thereof under the Original Indenture, including, but not limited to, in Section 8.02 of the Original Indenture, each as evidenced by the signature of an authorized representative hereto; and

WHEREAS, the Borrower, Thomas Safran & Associates Development, Inc. (the “Guarantor”) and the Majority Owner entered into that certain Third Amendment to Construction Disbursement Agreement dated as of April 23, 2022 (the “Third Construction Disbursement Agreement Amendment”) which amended that certain Construction Disbursement Agreement dated as of October 1, 2019 (the “Original Construction Disbursement Agreement”) between the Borrower and the Majority Owner which was previously amended by that certain First Amendment to Construction Disbursement Agreement dated June 15, 2012, and that certain Section Amendment to Construction Disbursement Agreement dated November 22, 2021 (collectively, the “Construction Disbursement Agreement Amendments”); and

WHEREAS, the Construction Disbursement Agreement Amendments, together with the First Amendment to Bond Purchase Agreement dated as of May 1, 2022, among the Majority Owner, Barings and the Borrower (the “First BPA Amendment”) and the [Second Amendment to Bond Purchase Agreement] dated as of [____], 2022, among the Majority Owner, Barings and the Borrower (the “Second BPA Amendment”) and the [Third Amendment to Bond Purchase Agreement] dated as of [November 15], 2022, among the Majority Owner, Barings and the Borrower (the “Third BPA Amendment” and together with the First BPA Amendment and the Second BPA Amendment, the “BPA Amendment”), collectively, extended the “Termination Date” (as defined in the Bond Purchase Agreement) to [March 1, 2023], and replaced the amount of “\$13,600,000” in the recitals as well as the definitions of “Bond Purchase Agreement” and “Permanent Loan Amount” with the amount of “\$[15,600,000]”; and

WHEREAS, on the Effective Date, following the closing of this First Supplement, Barings will purchase the Bond from the Majority Owner and as evidenced its acknowledgment to the terms of this First Supplement by the signature of an authorized representative hereto; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto amend the Original Indenture as follows as of the date set forth above:

Section 1. Recitals; Definitions. The foregoing recitals are hereby agreed to and acknowledged. All capitalized terms used in this First Supplement and not otherwise defined have the meanings assigned in the Original Indenture.

Section 2. Amendment to Definition. The following definitions contained in Section 1.01 of the Original Indenture are amended to read or are added to Section 1.01 of the Original Indenture as follows:

The term “**Bond Purchase Agreement**” means the Bond Purchase Agreement dated as of October 1, 2019, among the Borrower, Bank of America, N.A. and CCRC, as amended by that certain First Amendment to Bond Purchase Agreement dated as of May 1, 2022, that certain [Second Amendment to Bond Purchase Agreement] dated as of [____] 1, 2022, and that certain [Third Amendment to Bond Purchase Agreement] dated as of [November 15, 2022], pursuant to which and subject to the terms and conditions of which, Barings CCRC Mortgage Fund III, LLC, a California limited liability company, has agreed to

purchase up to \$[15,600,000] in principal amount of the Bond on the Conversion Date.

Section 3. Amendment to Mandatory Redemption. Section 4.01(d) of the Original Indenture is hereby deleted and replaced by the following:

(d) in part on the Conversion Date, in an amount sufficient to reduce the aggregate principal amount of the Outstanding Bond to \$[15,600,000] or such lower amount as is necessary in order to satisfy the conditions to Conversion contained in the Bond Purchase Agreement as stated in writing by the Servicer;

Section 4. Ratification. Except as amended and supplemented hereby, all provisions of the Original Indenture remain in full force and effect, and the Original Indenture, as amended and supplemented by this First Supplement, is hereby ratified. By its execution hereto, the Majority Owner hereby authorizes and directs the Trustee to execute this First Supplement.

Section 5. Effective Date. This First Supplement shall become effective as of the date hereof.

Section 6. Execution in Several Counterparts. This First Supplement may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 7. Governing Law. This First Supplement shall be governed by and construed in accordance with the internal laws of the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned authorized representatives of the Issuer, the Trustee, the Borrower, the Majority Owner have evidenced their respective consent to the terms of this First Supplement to Trust Indenture as of the day and year first above written by their below signatures.

CITY OF LOS ANGELES, as Issuer

By: Los Angeles Housing Department

By: _____
Authorized Officer

Approved as to form by:

MICHAEL N. FEUER,
City Attorney

Deputy/Assistant City Attorney

[Issuer signature page to *Missouri Place* First Supplement to Trust Indenture]

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee**

By: _____

Name: Julia Hommel

Title: Vice President

[Trustee signature page to *Missouri Place* First Supplement to Trust Indenture]

BANK OF AMERICA, as Majority Owner,
Servicer, and sole Owner of the Bond

By: _____

Name:

Title:

[Majority Owner signature page to *Missouri Place*
First Supplement to Trust Indenture]

NOTARY ACKNOWLEDGMENT STATEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [SEAL]

BORROWER:

MISSOURI AND BUNDY HOUSING LP,
a California limited partnership, as Borrower

By: Missouri and Bundy Housing LLC, a
California limited liability company, its
Administrative General Partner

By: _____
Jordan Pynes, President

By: Housing Corporation of America, a Utah
nonprofit corporation, its Managing
General Partner

By: _____
Carol Cromar, President

[Borrower signature page for *Missouri Place* First Supplement to Trust Indenture]

Agreed and acknowledged:

**BARINGS CCRC MORTGAGE FUND III,
LLC**, a California limited liability company

By: _____
Name:
Title:

[Barings acknowledgment page for *Missouri Place* First Supplement to Trust Indenture]

TEFRA PUBLIC HEARING MEETING MINUTES
THURSDAY – SEPTEMBER 29, 2022
9:00 AM
LOS ANGELES HOUSING DEPARTMENT
BY TELECONFERENCE
FRANCISCO LOPEZ, CHAIR

This meeting was conducted to meet the required Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) Public Hearing for Western Landing, Confianza, First Street North A Apartments (FSN A), The Journey, Ambrosia Apartments, Hope on Hyde Park, Hope on Broadway, Missouri Place, and Summit View Apartments.

This meeting was called to order on Thursday, September 29, 2022 at 9:00 a.m. via teleconference by the Los Angeles Housing Department.

A notice of this hearing was published in the Los Angeles Times on September 22, 2022 (the “Notice”). The purpose of this meeting was to hear public comments regarding the City of Los Angeles’ proposed issuance of multifamily housing revenue bonds or notes for the above referenced projects.

The Los Angeles Housing Department representatives present were Francisco Lopez, Carmen Velazquez, Cecilia Rosales, Dianne Mattingly, Donald Byers, Robert Vergara, and Adam R. Miller. All representatives were present via teleconference as described in the Notice.

By 9:30 a.m. there were no other representatives from the public who made themselves available and no public comments were provided, so the meeting was adjourned.

I declare under penalty of perjury that this is a true and exact copy of the TEFRA public hearing meeting minutes regarding the above referenced projects held on September 29, 2022 at Los Angeles, California.

CITY OF LOS ANGELES
Los Angeles Housing Department
ANN SEWILL, General Manager

Francisco Lopez, Finance Development Officer II