



Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: TRESTLES APARTMENTS
MULTIFAMILY HOUSING REVENUE
BONDS, SERIES 2004A

DATE: February 18, 2004

Approved

Date

Council District: 6
SNI AREA: Burbank/Del Monte

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL MEMORANDUM

To transmit preliminary Official Statement and provide updated status on financing.

DOCUMENTS RELATED TO THE FINANCING

Attached is a copy of the draft Official Statement for Trestles Apartments Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2004A (the "Bonds") as discussed in the February 6, 2004 staff report.

If any council member has any personal knowledge that any of the material information in the Official Statement is false or misleading, the council member must raise these issues prior to approval of the distribution of the document. City staff, bond counsel and the developer will be available at the City Council meeting on February 24, 2004 to address any questions, issues and/or concerns.

Additionally, the following documents are on file in the City Clerk's Office:

- Trust Indenture ("Senior Trust Indenture")
- Financing Agreement
- Intercreditor Agreement
- Bond Purchase and Placement Agreement
- Regulatory Agreement and Declaration of Restrictive Covenants
- Indenture of Trust ("Subordinate Indenture")
- Loan Agreement

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These documents are described in the staff report and are presented for City Council approval in substantially final form.

UPDATED STATUS OF FINANCING

The series designation of the bonds will be 2004A and 2004A-S, rather than 2004A-1 and 2004A-2 as indicated in the staff report. The reason for this new designation is that the bonds will be issued under two separate indentures. The 2004A-1 and A-2 designation might give investors the impression that the bonds are issued under the same indenture.

Subsequent to the February 6, 2004 staff report, the Federal Home Loan Mortgage Corporation ("Freddie Mac") has requested the ability to invest in non-AMT tax-exempt securities. This is in addition to investments already permitted under the City's Investment Policy. This change, as outlined in the City Council resolution, will permit the investment of amounts held in funds and accounts established under the Senior Trust Indenture in (i) money market funds where the investment portfolio consists solely of non-AMT tax-exempt obligations and is rated AAA, or (ii) non-AMT tax-exempt obligations rated in the highest short-term rating category by the rating agency providing a rating with respect to the Series 2004A Bonds (Standard & Poor's).

COORDINATION

This report has been prepared by the Finance Department in coordination with the Housing Department and the City Attorney's Office.

SCOTT P. JOHNSON
Director, Finance Department

Attachment