



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

March 22, 2022

SUBJECT:

Consider approving the resolution authorizing and directing the execution of a Joint Exercise of Powers Agreement relating to the California Municipal Finance Authority and approving the issuance of revenue bonds by the authority for the purpose of financing or refinancing the acquisition, construction, and improvement of certain facilities (Bear Ridge Family Apartments Affordable Housing Project) for the benefit of Wheatland Pacific Associates, a California Limited Partnership.

PREPARED BY:

Jim Goodwin, City Manager

Recommendation

Staff recommends that the Wheatland City Council hold the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act (TERFA) and the Internal Revenue Code of 1986, and upon close of the public hearing, adopt the attached resolution approving the issuance of the Bonds by the California Municipal Finance Authority (CMFA) for the benefit of Wheatland Pacific Associates. The resolution will also authorize the mayor or designee thereof to execute the Joint Exercise of Powers Agreement with the CMFA.

Background

Wheatland Pacific Associates (Borrower) requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$20,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds are to be used to finance the acquisition, construction, improvement, and equipping of a multi-family rental housing project located at 1989 Spenceville Road, Wheatland, California.

In order for all or a portion of the bonds to be tax-exempt bonds, the City of Wheatland must conduct a public hearing providing the members of the community an opportunity to speak for or against the use of tax-exempt bonds for the financing of the project. Reasonable notice must be given to the members of the community before the TERFA Hearing. Following the close of the TERFA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

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 CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

Discussion

In order for the CMFA to have the authority to serve as the issuer of the bonds for the Project, it is necessary for the City of Wheatland to become a member of the CMFA. A copy of the Joint Exercise of Powers Agreements is to be executed by a designated signatory of the City. The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. Under the terms of the Joint Exercise of Powers Agreement, the debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower. Under the terms of the Joint Exercise of Powers Agreement, the City will have no financial or legal obligation, liability or responsibility the repayment of the Bonds for the financing of the Project. (Likewise, the City is not the developer of the Project, and it will have no financial or legal obligation, liability or responsibility for the Project itself.) All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

There are no costs associated with membership in the CMFA and the City will not become exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the City in the CMFA will not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TERFA hearing, adopting the required resolution, and executing the Joint Exercise of Powers Agreement of the CMFA, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required.

The Joint Exercise of Powers Agreement expressly provides that any member may withdraw from such agreement upon written notice to the Board of Directors of the CMFA. This means the City could, at any time after the Bonds are issued, withdraw from the CMFA merely by providing written notice to the Board of Directors of the CMFA.

Fiscal Impact

The fiscal impact to the City is expected to be slightly positive. 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 the CMFA. Through its conduit issuance activities, the 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 Wheatland, it is expected that that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.

Attachment

1. Resolution No. 2022-** Authorizing the Joint Exercise of Powers Agreement with CMFA for the Bear Ridge Family Apartment Affordable Housing Project.
2. Joint Exercise of Power Agreement Relating to the California Municipal Finance Authority

RESOLUTION NO. 10-22

RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY AND APPROVING THE ISSUANCE OF REVENUE BONDS BY THE AUTHORITY FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF CERTAIN FACILITIES FOR THE BENEFIT OF WHEATLAND PACIFIC ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP

WHEREAS, pursuant to 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 City of Wheatland (the "City"), has determined that it is in the public interest and for the public benefit that the City become a Member of the Authority in order to facilitate the promotion of economic, cultural and community development activities in the City, including the financing of projects therefor by the Authority; and

WHEREAS, there is now before this City Council (the "City Council") the form of the Agreement; and

WHEREAS, the Agreement has been filed with the City, and the members of the City Council, with the assistance of its staff, have reviewed said document; and

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

WHEREAS, Wheatland Pacific Associates, a California Limited Partnership (the "Borrower") a partnership of which Pacific West Communities, Inc. (the "Developer") or a related person to the Developer is the general partner, has requested that the California Municipal Finance Authority (the "Authority") adopt a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$20,000,000 in aggregate principal amount (the "Bonds"), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 1989 Spenceville Road, Wheatland, California (the "Project"); and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Code, requires that an "applicable elected representative" of the governmental unit, the geographic

jurisdiction of which contains the site of facilities 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 City Council is an “applicable elected representative” for purposes of holding such hearing; and

WHEREAS, the Authority has requested that the City Council 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 this City Council 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 or refinancing of the Project and the Authority’s issuance of the Bonds therefor; and

WHEREAS, it is in the public interest and for the public benefit that the City Council approve the issuance of the Bonds by the Authority for the aforesaid purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Agreement is hereby approved and the Mayor or the designee thereof is hereby authorized and directed to execute said document, and the City Clerk or such Clerk’s designee is hereby authorized and directed to attest thereto.

Section 3. The City Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council 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 City Council in accordance with Section 4 of the Agreement.

Section 4. 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 City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 5. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (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, construction, rehabilitation or operation of the Project; (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 6. The executing officers(s), the City Clerk and all other proper officers and officials of the City 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 effect the purposes of this Resolution and the transactions herein authorized.

Section 7. The City Clerk shall forward a certified copy of this Resolution and an originally executed Agreement to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Section 8. This resolution shall take effect immediately upon its passage.

ADOPTED by the City Council of the City of Wheatland at a regular meeting of the City Council held on the 22nd day of March, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Rick West, Mayor

ATTEST:

Lisa J. Thomason, City Clerk