AGENDA SUMMARY
EUREKA CITY COUNCIL

TITLE: Hold a Public Hearing and Adopt a Resolution Approving the Issuance of the CMFA Multifamily Housing Revenue Bonds in an Aggregate Principal Amount Not to Exceed $20 Million for the Purpose of Financing the EaRTH Center Apartments

DEPARTMENT: Finance Department

PREPARED BY: Kristen Raymond, Housing Projects Manager

PRESENTED FOR: ☒**Action** ☐**Information only** ☐**Discussion/Direction**

RECOMMENDATION

1. Hold a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the Internal Revenue code of 1986, as amended (the "Code) and,
2. Adopt the Resolution of the City Council approving the issuance of the Bonds by the California Municipal Financing Authority (CMFA) for the benefit Eureka G Street LP (the "Borrower") a partnership of which Danco Communities ("the Developer") or a related person to the Developer is the general partner, to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

FISCAL IMPACT

☒No Fiscal Impact ☐Included in Budget ☐Additional Appropriation

It is expected that a portion of the issuance fee will be granted to the general fund by CMFA.

COUNCIL GOALS/STRATEGIC VISION

2009-2014 Housing Element Goals:

Goal 1: Provide adequate sites and promote the development of new housing to accommodate Eureka's fair share housing allocation.

Goal 2: Provide adequate housing facilities and services for senior citizens, the homeless, and other special needs groups.

Goal 4: Address, remove, or mitigate constraints to housing production and attainment for all income levels and special needs groups.

Goal 5: To encourage and maintain energy efficiency in new and existing housing.

DISCUSSION

The 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 will be used to finance refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 700 3rd Street, Eureka, California (the "Project").

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Eureka must conduct a public hearing (the "TEFRA Hearing") providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA 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.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

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. To date, over 350 municipalities, including Eureka, have become members of CMFA.

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.

FISCAL IMPACT:

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. 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.

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 Eureka, 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.

In light of the foregoing, and in order to support affordable housing, staff recommends that the City conduct the TEFRA Hearing and adopt the resolution in favor of the issuance of the Bonds by the CMFA.

ATTACHMENT:

Exhibit A Eureka City Council Resolution

REVIEWED AND APPROVED BY:

- ☒City Attorney
- ☒City Clerk/Information Services
- ☐Development Services
- ☒Finance
- ☐Fire
- ☐Community Services
- ☐Personnel
- ☐Police
- ☐Public Works