



STAFF REPORT

2/22/2023

TO: Honorable Mayor and City Council Members

FROM: Celina Jimenez, Grants Manager

SUBJECT: Adopt Resolution No. 2023-10 to approve the financing of the Tripoli CIC, LP, (the “Borrower”) by the California Municipal Finance Authority (CMFA) and conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”), in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$40,000,000, (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 51392 Cesar Chavez Street, Coachella, California (the “Project”).

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 2023-10 to approve the financing of the Tripoli CIC, LP, (the “Borrower”) by the California Municipal Finance Authority (CMFA) and conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”), on February 22, 2023 in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$40,000,000, (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 51392 Cesar Chavez Street, Coachella, California (the “Project”).

Adoption of the resolution approves the issuance of the Bonds by the CMFA for the benefit of Tripoli CIC, LP (the “Borrower”) a partnership of which Chelsea Investment Corporation (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).

BACKGROUND:

The Borrower, has requested that the CMFA 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 from time to time, and at

no time to exceed \$40,000,000 in aggregate principal amount, to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 51392 Cesar Chavez Street, Coachella, California.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Coachella 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.

The California Municipal Finance Authority (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 300 municipalities, including the City of Coachella, 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 financing.

DISCUSSION/ANALYSIS:

The City has received a request from Chelsea Investment Corporation for the Tripoli CIC, LP, a partnership of which Chelsea Investment Corporation (the “Developer”) or a related person to the Developer is the general partner, has requested that the CMFA 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 from time to time, and at no time to exceed \$40,000,000 in aggregate principal amount, to finance or refinance the acquisition, construction, improvement and equipping of a 108-unit multifamily rental housing project located at 51392 Cesar Chavez Street, Coachella, California.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Coachella 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.

ALTERNATIVES:

1. Adopt Resolution No. 2023-10 to approve the financing of the Tripoli CIC, LP, (the “Borrower”) by the California Municipal Finance Authority (CMFA) and conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”), in connection with the proposed issuance of

revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$40,000,000, (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 51392 Cesar Chavez Street, Coachella, California (the “Project”).

2. Not Adopt Resolution No. 2023-10 to approve the financing of the Tripoli CIC, LP, (the “Borrower”) by the California Municipal Finance Authority (CMFA) and conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”), in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$40,000,000, (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 51392 Cesar Chavez Street, Coachella, California (the “Project”).

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 Coachella, 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.

ATTACHMENTS:

1. Resolution No. 2023-10
2. Notice of Public Hearing