



STAFF REPORT
3/26/2025

TO: Honorable Mayor and City Council Members

FROM: Bill Pattison, Interim City Manager

SUBJECT: Conduct a Public Hearing under the Requirements of Tax and Equity Fiscal Responsibility Act (“TEFRA”) on March 26, 2025 in Connection with the Proposed Issuance of Revenue Bonds by the California Municipal Authority (the “CMFA”), a Joint Exercise of Powers Authority and Public Entity of the State of California in an Amount not to Exceed \$60,000,000, the (the “Bonds”), to Finance and Refinance the Acquisition, Construction, Development and Equipping of a 116-Unit Qualified Residential Rental Project Located at 84824 Calle Verde (the “Project”) in the City of Coachella, California (the “City”); and

Adopt Resolution No. 2025-13 Approving a Plan of Finance of the California Municipal Finance Authority to Issue and Reissue Revenue Bonds for a Qualified Residential Rental Project for the Benefit of villa Verde I, LL.P., and Certain other Matters Relating Thereto

STAFF RECOMMENDATION:

- 1) Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the “Code”).
- 2) Adopt Resolution No. 2025-13 Approving a Plan of Finance of the California Municipal Finance Authority to Issue and Reissue Revenue Bonds for a Qualified Residential Rental Project for the Benefit of villa Verde I, LL.P., and Certain other Matters Relating Thereto

EXECUTIVE SUMMARY:

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.

BACKGROUND:

The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$60,000,000 (the “Bonds”) of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance and refinance the acquisition, construction, development and equipping of a 116-unit qualified residential rental project located at 84824 Calle Verde (the “Project”) in the City of Coachella, California (the “City”).

In order for 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.

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 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 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. 2025-13 Approving a Plan of Finance of the California Municipal Finance Authority to Issue and Reissue Revenue Bonds for a Qualified Residential Rental Project for the Benefit of villa Verde I, LL.P., and Certain other Matters Relating Thereto