



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	5/12/2020
<b>AGENDA SECTION:</b>	Public Hearing
<b>SUBJECT:</b>	Resolution No. 10428 - A Resolution of the City Council of the City of Folsom Approving the Issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$20,000,000 for the Purpose of Financing or Refinancing the Acquisition and Construction of Bidwell Place Apartments and Certain Other Matters Relating Thereto
<b>FROM:</b>	Community Development Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

Move to Adopt Resolution No. 10428 - A Resolution of the City Council of the City of Folsom Approving the Issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$20,000,000 for the Purpose of Financing or Refinancing the Acquisition and Construction of Bidwell Place Apartments and Certain Other Matters Relating Thereto.

## **BACKGROUND / ISSUE**

In late 2019, the City received a proposal from St. Anton Communities, Inc. seeking City-funding for a proposed 75-unit 100% affordable project to be known as the Bidwell Place Project ("Project"), which expands on the developer's mixed-use Bidwell Pointe development. The proposed project, which includes development of three (3) three-story apartment buildings, features nine studio units, 39 one-bedroom units, and 27 two-bedroom units. The individual apartment units range from 503-square feet (studio units) to 959-square feet (two-bedroom units). In addition to the residential units, the project includes demolishing a portion of the existing Bank of America commercial building that is at the project site. On April 28,

2020, the City Council approved an affordable housing loan, in the amount of \$4,150,000, to construct the Bidwell Place Apartments project.

The City Council is being asked to adopt a resolution that would approve the issuance of multifamily housing revenue bonds by the California Public Finance Authority ("CalPFA") for the purpose of financing the acquisition and construction of the Bidwell Place multifamily residential housing project to be located in the City (the "Project"). Prior to the issuance of bonds, the Project will need to receive "private activity bond" allocation from the California Debt Limit Allocation Committee (CDLAC), and CalPFA will be required to adopt a resolution which would approve the execution and delivery of certain bond documents that would reflect the terms of the bonds.

In order for all or a portion of the bonds to qualify as tax-exempt bonds, the City of Folsom must conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") to allow 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.

### **POLICY / RULE**

Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that the "applicable elected representatives" of the jurisdiction in which a project is to be financed with "private activity bonds" is situated, adopt a resolution approving the issuance of such "private activity bonds" after holding a public hearing which has been noticed in a newspaper of general circulation in such jurisdiction.

### **ANALYSIS**

This public hearing by the City Council is held pursuant to Section 147(f) of the Internal Revenue Code in order to comply with the statutory requirements prior to CalPFA issuing the multifamily housing revenue bonds. If the City Council adopts the proposed resolution, CalPFA will proceed with the submission to CDLAC of an application for "private activity bond" allocation for the purpose of financing the acquisition and construction of the Project. CalPFA is not permitted to issue bonds for the Project without first conducting a public hearing and obtaining permission from the governing board of the jurisdiction in which the project is located, which in this case is the City Council of the City of Folsom.

CalPFA is a political subdivision of the State of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt conduit bonds for public and private entities throughout California. CalPFA was established to promote economic, cultural, and community development opportunities that create temporary and permanent jobs, affordable housing, community infrastructure and improve the overall quality of life in local communities. As of 2017, the City of Folsom is an additional member of CalPFA, which allows CalPFA to issue bonds and finance the Project.

**FINANCIAL IMPACT**

As set forth in the Joint Exercise of Powers Agreement of CalPFA, the debt from bonds issued by CalPFA would not be a debt or financial obligation or liability of the City. Pursuant to the governing California statutes and the JPA Agreement, members of CalPFA are not responsible for the repayment of obligations incurred by CalPFA. The debt from the bond issuance would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the Project developer and CalPFA. In the financing documents, the Project developer will be required to provide comprehensive indemnification to CalPFA and its members, including the City of Folsom. The City's membership in the Authority bears no cost or financing obligation.

**ENVIRONMENTAL REVIEW**

The Bidwell Place Apartments project is exempt from environmental review under Public Resources Code Sections 21159.21 and 21159.23 and Sections 15192 and 15194 of the California Environmental Quality Act Guidelines.

**ATTACHMENTS**

Resolution No. 10428- A Resolution of the City Council of the City of Folsom Approving the Issuance by the California Public Finance Authority of Multifamily Housing Revenue Bonds in an Aggregate Principal Amount not to Exceed \$20,000,000 for the Purpose of Financing or Refinancing the Acquisition and Construction of Bidwell Place Apartments and Certain Other Matters Relating Thereto

Submitted,



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Pam Johns, Community Development Director

**RESOLUTION NO. 10428**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION AND CONSTRUCTION OF BIDWELL PLACE APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO**

**WHEREAS**, Bidwell Place, LP or a partnership of which St. Anton Communities, LLC (the "Developer") or a related person to the Developer is the general partner, has requested that the California Public 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 outstanding aggregate principal amount (the "Bonds") for the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 403 East Bidwell Street, Folsom, California (the "Project"); and

**WHEREAS**, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the City of Folsom (the "City") because the Project is located within the territorial limits of the City; and

**WHEREAS**, the City Council of the City (the "City Council") is the elected legislative body of the City and is the applicable elected representative under Section 147(f) of the Code; 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 12 of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority, dated as of May 12, 2015 (the "Agreement"), among certain local agencies, including the City; and

**WHEREAS**, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority; and

**WHEREAS**, the City Council understands that its actions in holding this public hearing and in approving this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said City Council expressly conditions its approval of this Resolution on that understanding.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Folsom as follows:

**Section 1.** The City Council hereby approves the issuance of the Bonds by the Authority for the purposes of financing the Project. It is the purpose and intent of the City Council



that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 12 of the Agreement.

**Section 2.** The officers of the City Council are hereby authorized and directed, jointly and severally, to do any and all things and execute and deliver any and all documents, certificates and other instruments which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby. Any actions heretofore taken by such officers are hereby ratified and approved.

**Section 3.** The City Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority's issuance of the Loan for the financing of the Project.

**Section 4.** This Resolution shall take effect from and after its passage and approval.

**PASSED AND ADOPTED** this 12th day of May 2020, by the following roll-call vote:

**AYES:** Council Member(s):  
**NOES:** Council Member(s):  
**ABSENT:** Council Member(s):  
**ABSTAIN:** Council Member(s):

\_\_\_\_\_  
Sarah Aquino, MAYOR

ATTEST:

\_\_\_\_\_  
Christa Freemantle, CITY CLERK

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