

# Folsom City Council Staff Report

<b>MEETING DATE:</b>	2/25/2025
<b>AGENDA SECTION:</b>	Public Hearing
<b>SUBJECT:</b>	Resolution No. 11329 - A Resolution of the City Council of the City of Folsom Approving the Issuance of the California Municipal Finance Authority Exempt Facility Bonds in an Aggregate Principal Amount not to Exceed \$25,000,000 for the Purpose of Financing or Refinancing the Acquisition, Construction, Improvement and Equipping Harrington Grove Apartments and Certain Other Matters Relating Thereto
<b>FROM:</b>	Community Development Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

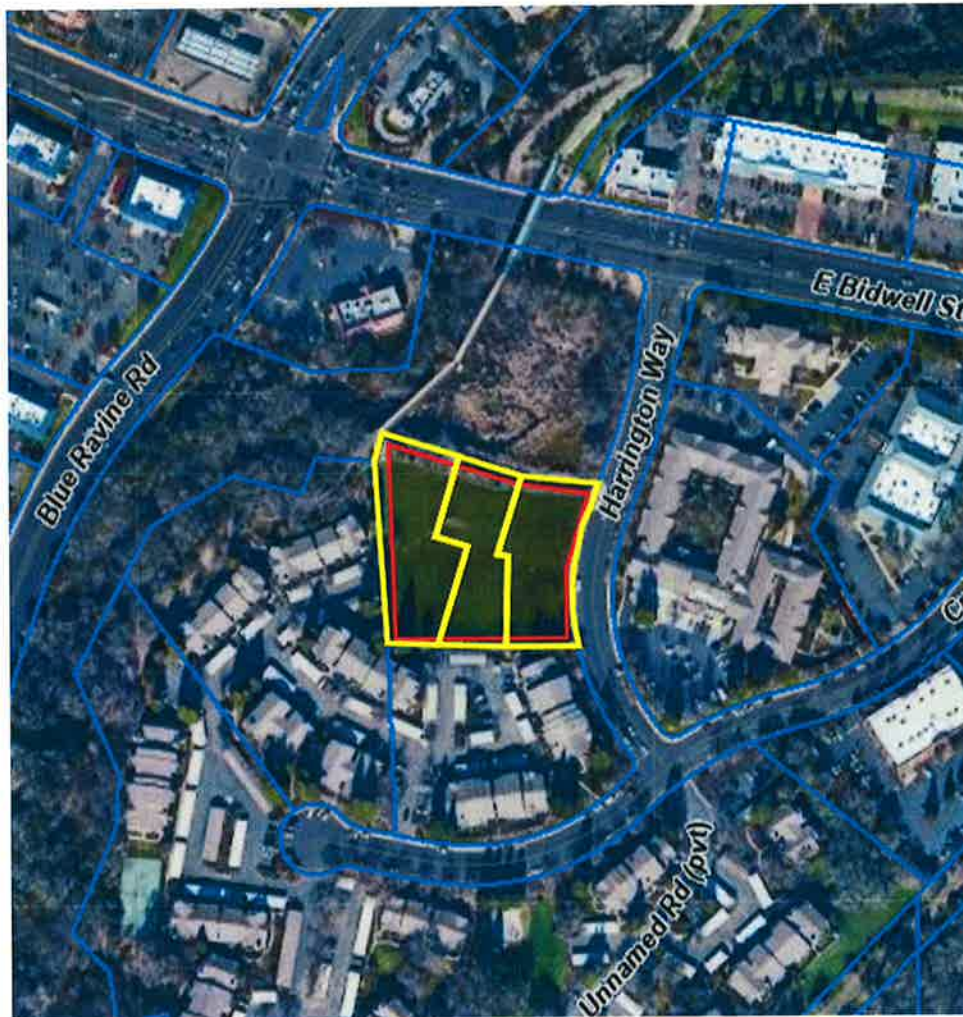
1. Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) on February 25, 2025 in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$25,000,000, (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 791 Harrington Way (the “Project”) within the City of Folsom, California (the “City”).
2. Move to adopt Resolution No.11329 - A Resolution of the City Council of the City of Folsom Approving the Issuance of the California Municipal Finance Authority Exempt Facility Bonds in an Aggregate Principal Amount not to Exceed \$25,000,000 for the Purpose of Financing or Refinancing the Acquisition, Improvement and Equipping Harrington Grove Apartments and Certain Other Matters Relating Thereto.

## **BACKGROUND / ISSUE**

On November 20, 2024, the Planning Commission approved a Design Review and Density Bonus application for the Harrington Grove Apartments Project (the “Project”).

The Harrington Grove Apartments multifamily project is a new construction, 100 percent affordable multifamily rental development. It will be constructed on a 1.74-acre site located on the west side of Harrington Way, approximately 330 feet south of the intersection of Harrington Way and East Bidwell Street at the address 791 Harrington Way. The approved project consists of 52 one-, two- and three-bedroom units affordable to low-, very-low, and extremely-low-income households. On July 23, 2024, the City Council adopted Resolution No. 11234, conditionally approving an affordable housing loan, in the amount up to \$2,700,000, to construct the Harrington Grove Apartments project.

FIGURE 1: HARRINGTON GROVE PROJECT SITE AERIAL PHOTOGRAPH



Folsom Pacific Associates II, LP, (the “Borrower”) has requested that the California Municipal Finance Authority (CMFA) serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$25,000,000 (the “Bonds”) of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 791 Harrington Way (the “Project”) within the City.

In order for the Bonds to qualify as tax-exempt bonds, the City of Folsom 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.

On December 11, 2024 the project received an award of private activity bond allocation from the California Debt Limit Allocation Committee.

The City Council is being asked to adopt a resolution that would approve the issuance of tax-exempt Bonds by the CMFA.

### **POLICY / RULE**

Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that prior to their issuance, the Bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice.

### **ANALYSIS**

In order for the Bonds to qualify as tax-exempt bonds, the City of Folsom 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.

A public notice was published in the Folsom Telegraph on February 14, 2025.

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.

## **FINANCIAL IMPACT**

There is no fiscal impact to the City. 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 Folsom, it is expected 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.

## **ENVIRONMENTAL REVIEW**

This action to approve the issuance of these bonds by the City Council is exempt from environmental review pursuant to Section 15061(b)(3) (Review for Exemption) of the California Environmental Quality Act. The Project which was deemed as consistent with applicable Community Plans and Zoning is exempt from environmental review under the California Environmental Quality Act (CEQA) by Section 15183 (Projects Consistent With a Community Plan or Zoning) of the CEQA Guidelines.

## **ATTACHMENT**

1. Resolution No. 11329 - A Resolution of the City Council of the City of Folsom Approving the Issuance of the California Municipal Finance Authority Exempt Facility Bonds in an Aggregate Principal Amount not to Exceed \$25,000,000 for the Purpose of Financing or Refinancing the Acquisition, Construction, Improvement and Equipping Harrington Grove Apartments and Certain Other Matters Relating Thereto

Submitted,



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Pam Johns, Community Development Director

## ATTACHMENT 1

A Resolution of the City Council of the City of Folsom Approving the Issuance of the California Municipal Finance Authority Exempt Facility Bonds in an Aggregate Principal Amount not to Exceed \$25,000,000 for the Purpose of Financing or Refinancing the Acquisition, Construction, Improvement and Equipping Harrington Grove Apartments and Certain Other Matters Relating Thereeto

**RESOLUTION NO. 11329**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF HARRINGTON GROVE APARTMENTS AND CERTAIN OTHER MATTERS RELATING THERETO**

**WHEREAS**, Folsom Pacific Associates II, 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 \$25,000,000 in aggregate principal amount (the “Bonds”), to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 791 Harrington Way, 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 one of the “applicable elected representatives” required to approve the issuance of the Bonds 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 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (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;

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

Section 1. The foregoing resolutions are true and correct.

Section 2. 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 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 4 of the Agreement.

Section 3. 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 4. 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, installation 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 5. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents 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.

**PASSED AND ADOPTED** this 25th day of February, 2025, by the following roll-call vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

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

ATTEST:

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

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to facilitate double-sided printing  
and minimize paper use.*



CITY OF  
**FOLSOM**  
DISTINCTIVE BY NATURE