



City of Grass Valley City Council Agenda Action Sheet

Title: Conduit financing for the Eskaton Properties, Incorporated Project

CEQA: The project is exempt from review under the California Environmental Quality Act (CEQA) by the “common sense” rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

Recommendation:

1) Conduct the public hearing under the requirements of Tax and Equity Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended (the “Code”).

2) Adopt Resolution No. 2024-65 approving the issuance of the Bonds by the California Municipal Finance Authority (CMFA) for the benefit of Eskaton Properties, Incorporated, a nonprofit, public benefit corporation organized and existing under the laws of the State of California and an organization described in section 501(c)(3) of the Code (the “Borrower”), 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).

Prepared by: Amy Wolfson, City Planner

Council Meeting Date: August 22, 2024

Date Prepared: August 14, 2024

Agenda: Public Hearing

Background Information: The Borrower has requested that the California Municipal Finance Authority (CMFA) serve as the municipal issuer of tax-exempt and/or taxable Bonds in an aggregate principal amount not to exceed \$40,000,000. The proceeds of the Bonds will be used as part of a plan to finance improvements and refinance all or a portion of the (i) California Statewide Communities Development Authority \$38,695,000 Revenue Bonds (Eskaton Properties, Incorporated Obligated Group), Series 2012, (ii) ABAG Finance Authority for Nonprofit Corporations \$51,875,000 Revenue Refunding Bonds (Eskaton Properties, Incorporated Obligated Group) Series 2013, and (iii) California Municipal Finance Authority \$24,109,000 Revenue and Refunding Bonds, Series 2022 (Eskaton Properties, Incorporated), and costs related thereto, which financed in part an assisted living facility (the “Project”) owned and operated by the Borrower and located at 325 Eskaton Circle, Grass Valley, California.

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

The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and Bonds of the CMFA do not constitute debts, liabilities or Bonds of the members executing such agreement.

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 Bonds of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

Council Goals/Objectives: Adoption of Resolution No. 2024-65 approving the issuance of Bonds by CMFA for the benefit of Eskaton Properties supports the 2022 Strategic Plan Update Goal # 5: the City of Grass Valley strives to exemplify an innovative, efficient, effective, open and collaborative city government.

Fiscal Impact: The debt to be issued by the CMFA will be the sole responsibility of the Borrower and the City of Grass Valley will have no financial or legal obligations or responsibilities with regard to the repayment of the debt.

Funds Available: N/A

Account #: N/A

Reviewed by: City Manager

Attachments:
Resolution No. 2024-65