



Date: February 25, 2025

Honorable Mayor and Council Members:

Author and title: Hilary Hobbs, Assistant to the Town Manager

Title: Conduit financing for the Pacific Crest Commons project

Jen Callaway, Town Manager

Recommended Action:

- 1) Conduct the public hearing under the requirements of Tax and Equity Fiscal Responsibility Act and the Internal Revenue Code of 1986, as amended.
- 2) Adopt Resolution 2025-14 approving the issuance of tax-exempt revenue bonds in an aggregate principal amount not to exceed \$35,000,000 by the California Municipal Finance Authority for the benefit of Truckee Pacific Crest Associates, LP. to provide for the financing of the Pacific Crest Commons project.
- 3) Designate all bond issuance fees granted to the Town, estimated at \$13,950, to the Town's Housing Designation.

Discussion:

The planned Pacific Crest Commons housing development is located at 10077 State Highway 89 South on the corner of State Highway 89 and Donner Pass Road on a 1.7-acre property commonly referred to as the "Old CHP" site, adjacent to the Bank of America. The housing development ("Project") will be comprised of two, three-story buildings providing 55 units of affordable multi-family housing, including a mix of studio, one-, two- and three-bedroom apartments.

The Project, to be developed by Truckee Pacific Crest Associates, LP, is expected to be financed in part by tax-exempt revenue bonds in an aggregate principal amount not to exceed \$35,000,000 (the "Bonds"). Truckee Pacific Crest Associates, LP (the "Borrower") requested that the California Municipal Finance Authority (CMFA) serve as the municipal issuer of the Bonds. The proceeds of the Bonds will be used to finance and refinance the acquisition, construction, development and equipping of a qualified multi-family residential rental project to be owned and operated by the Borrower.

In order for the Bonds to qualify as tax-exempt bonds, the Town of Truckee must conduct a public Tax and Equity Fiscal Responsibility Act hearing (the "TEFRA Hearing") providing 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 TEFRA Hearing is required to satisfy the legal requirements of TEFRA and California Government Code Section 6500. The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the Town 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 Town or the State of California and are to be paid for solely from funds provided by the Borrower.

About 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, including the Town of Truckee, 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.

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 Town of Truckee, it is expected that a portion of the issuance fee attributable to the Town will be granted by the CMFA to the Town's General Fund. These funds, estimated at \$13,950, may be used for any lawful purpose of the Town, although staff recommend that Town Council designate these funds to the Town's Housing Designation to support future housing programs. The Borrower will be the beneficiary of the CMFA's charitable donation through a 25% reduction in issuance fees.

Summary: Staff recommend that Town Council conduct at TEFRA Hearing and adopt Resolution 2025-14 in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority in an amount not to exceed \$35,000,000 to finance and refinance the acquisition, construction, development and equipping of the Pacific Crest Commons project. Staff further recommend that Town Council designate the portion of bond issuance fees granted to the Town to the Town's Housing Designation.

Priority:

<input type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input type="checkbox"/> Core Service

Fiscal Impact: The Town will have no financial liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. The CMFA anticipates that a portion of the issuance fees attributed to the Town, estimated at \$13,950, will be granted by the CMFA to the Town's General Fund. Staff recommend that Town Council designate these funds to the Town's Housing Designation to support future housing programs.

Separate from the revenue bond financing, Town Council has previously committed \$1,207,722 of Town funds to support this project. This funding commitment is comprised of a combination of Housing In-Lieu Fee, American Rescue Plan Act, and Permanent Local Housing Allocation funds.

Public Communication: A public hearing notice was published in the Sierra Sun newspaper on February 14 and February 21, 2025

Attachments:

(1) Resolution 2025-14