



## Legislation Details (With Text)

**File #:** 18-1042      **Version:** 1

**Type:** Agenda Item      **Status:** Approved

**File created:** 6/27/2018      **In control:** Board of Supervisors

**On agenda:** 8/28/2018      **Final action:** 8/28/2018

**Title:** HEARING - Community Development Services, Planning and Building Department, recommending the Board conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of the Internal Revenue Code of 1986, as amended, to consider adoption and authorizing the Chair to sign Resolution 177-2018 approving the issuance of bonds by the Golden State Finance Authority for the purpose of financing the acquisition and rehabilitation of a multifamily residential housing facility located in the county at 2789 Ray Lawyer Drive and generally known as Placer Village Apartments, with no financial obligation to the County. (Est. Time: 10 Min.)

**FUNDING:** Golden State Finance Authority multifamily housing revenue bonds in one or more series in the maximum principal amount of \$8,300,000 (Placer Village Apartments Project, Placerville)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. A - County Counsel Approval - Reso, 2. B - TEFRA Resolutuion Placer Village, 3. C- Placer Village Apts. Executive Summary, 4. D - TEFRA Ltr-Placerville Village Apts 08-27-18, 5. Executed Resolution 177-2018

| Date      | Ver. | Action By            | Action   | Result |
|-----------|------|----------------------|----------|--------|
| 8/28/2018 | 1    | Board of Supervisors | Approved | Pass   |

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**DEPARTMENT RECOMMENDATION**

HEARING - Community Development Services, Planning and Building Department, recommending the Board conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of the Internal Revenue Code of 1986, as amended, to consider adoption and authorizing the Chair to sign Resolution **177-2018** approving the issuance of bonds by the Golden State Finance Authority for the purpose of financing the acquisition and rehabilitation of a multifamily residential housing facility located in the county at 2789 Ray Lawyer Drive and generally known as Placer Village Apartments, with no financial obligation to the County, with no financial obligation to the County.

**DISCUSSION / BACKGROUND**

The El Dorado County Board of Supervisors is being asked to adopt a resolution which would approve the issuance of multifamily housing revenue bonds by the Golden State Finance Authority (the “Authority”) for the purpose of financing the acquisition and rehabilitation of a multifamily residential housing facility located in the county (the “Project”). The Project is a 76-unit multifamily rental housing project located at 2789 Ray Lawyer Dr., Placerville, California 95667, and is generally known as Placer Village Apartments.

The purpose of the resolution is to allow the financing to meet a requirement of the Internal Revenue Code of 1986 (the “Code”). The adoption of this resolution is the first step in the process of financing the proposed 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 the Authority 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.

The Code requires that the “applicable elected representatives” of the jurisdiction in which a project to be financed with “private activity bonds” is situated to adopt a resolution approving the issuance of such “private activity bonds” after a public hearing has been held which has been noticed in a newspaper of general circulation in such jurisdiction.

The County is being asked to hold such public hearing which has been noticed as required by the Code. The proposed resolution would act as the approval by the “applicable elected representatives” with respect to the proposed Project. The CDLAC application for “private activity bond” allocation for a multifamily housing project requires the inclusion of the approval resolution, or if the resolution has not yet been adopted, an indication of when the approval resolution will be approved. The Authority has submitted to CDLAC an application for “private activity bond” allocation for the purpose of financing the acquisition and rehabilitation of the Project and has advised CDLAC of the proposed date for the public hearing and consideration of the resolution; if the Board of Supervisors adopts this resolution, the Authority will supplement the submission to CDLAC.

The County would not be a party to the financing documents. As set forth in Section 6 of the Amended and Restated Joint Exercise of Powers Agreement of the Authority (the “JPA Agreement”), the debt would not be secured by any form of taxation, or by any obligation of either the County or the Authority. Neither would the debt represent or constitute a general obligation of either the County or the Authority. Pursuant to the governing California statutes and the JPA Agreement, a member or associate member of the Authority is not responsible for the repayment of obligations incurred by the Authority. The debt would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the developer of the proposed facility (the “Developer”). In the financing documents the Developer will also provide comprehensive indemnification to the Authority and its members and associate members, including the County of El Dorado.

The County’s membership in the Authority bears with it no cost or other financing obligation, but serves as a public acknowledgement by the host jurisdiction of the project financing.

### **GOLDEN STATE FINANCE AUTHORITY**

The Golden State Finance Authority (the “Authority”), formerly known as the California Rural Home Mortgage Finance Authority, is a California Joint Powers Authority and a duly constituted public entity and agency, the mission of which is to provide affordable housing and contribute to the social and economic well-being of California residents.

The Authority was organized in 1993 and exists under and by virtue of Articles 1-4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The County of El Dorado has been a member of the Authority since its inception.

The Bonds to be issued by the Authority for the Project will be the sole responsibility of the Borrowers, and the County of El Dorado 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 County or the State of California, but are to be paid for solely from funds provided by the Borrower.

Outside of holding the public hearing and adopting the required Resolution, no other participation or activity of the County or the Board of Supervisors, with respect to the issuance of the bonds, will be required.

### **TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED**

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County of El Dorado must conduct a public TEFRA hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, 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. There has been published, at least fourteen days prior to the date of this hearing, in a newspaper of general circulation within the County, a notice that a public hearing regarding the Bonds would be held on this date.

In accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, following the close of the TEFRA hearing, an “applicable elected representative” of the governmental unit with elected representative and jurisdiction over the area in which the Project to be financed is located, in this case the El Dorado County Board of Supervisors, must provide its approval of the issuance of the Bonds for the financing of the Project.

### **ALTERNATIVES**

The Board may decline approval of the Resolution which would prevent the issuance of revenue bonds in support of the Project.

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel

### **CAO RECOMMENDATION**

It is recommended that the Board approve this item.

### **FINANCIAL IMPACT**

There is no financial obligation or Net County Cost associated with this item. The County will have no financial, legal, moral obligation, liability, or responsibility for repayment of the revenue Bonds.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

- 1) Clerk of the Board will obtain the Chair's signature on the Resolution.
- 2) Clerk of the Board will forward one certified copy of the signed Resolution to Kathryn P. Peters,

Esq., Kutak Rock LLP, 2300 Main St., Suite 800, Kansas City, MO 64108.

3) Clerk of the Board will forward one (1) certified copy of the signed Resolution to CDS Planning and Building Department, Housing, and Community Economic Development Program, attention of C.J. Freeland.

**STRATEGIC PLAN COMPONENT**

Economic Development and Healthy Communities.

**CONTACT**

Roger Trout, Director

Community Development Services, Planning and Building Department