



AGENCY: City Council
MEETING DATE: July 12, 2021
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
EMAIL ADDRESS: tmiller@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

Receive Report, Conduct Public Hearing, and Consider Adoption of City Council Resolution Approving the Issuance of Revenue Bonds by the California Municipal Finance Authority for the Purpose of Financing the Acquisition and Rehabilitation of a 56-unit Multifamily Development known as Walnut Apartments, for the Benefit of DFA Development, LLC

ISSUE:

DFA Development, LLC (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 \$5,700,000 of tax-exempt revenue bonds. The proceeds of the bonds will be used for the acquisition and rehabilitation of a 56-unit multifamily residential facility known as Walnut Apartments, located at 311 Walnut Street in the City of Fort Bragg.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Fort Bragg must conduct a public hearing (the TEFRA Hearing) providing 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.

ANALYSIS:

On June 8, 2020, the City Council approved a resolution for the issuance of up to \$8,000,000 for the same 56-unit Walnut Apartments. Delays, in part caused by the COVID-19 pandemic, resulted in a need to hold this TEFRA Hearing on that same project.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA)

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 300 municipalities, including the City of Fort Bragg, 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.

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EXECUTION OF THE JOINT EXERCISE OF POWERS 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 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 Fort Bragg, 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.

RECOMMENDED ACTION:

1. Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the Code).
2. Adopt the Resolution approving the issuance of the Bonds by the CMFA for the benefit of the Borrower, DFA Development, LLC, a California limited liability company, 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.

ALTERNATIVE ACTION(S):

Do not conduct the public hearing or adopt the Resolution. The impact of not taking the recommended action is that DFA Development, LLC will not be able to obtain tax-exempt funding through the CMFA and such inaction will likely result in the project not going forward in Fort Bragg in the near term future.

FISCAL IMPACT:

Outside of holding the TEFRA hearing, and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required.

GREENHOUSE GAS EMISSIONS IMPACT:

Rehabilitation of the 58-unit affordable housing project will temporarily increase greenhouse gas emissions as the result of the construction activity.

CONSISTENCY:

Support for the DFA Development, LLC is consistent with the City Council's goal of providing affordable housing units.

IMPLEMENTATION/TIMEFRAMES:

N/A

ATTACHMENTS:

1. Resolution
2. Public Hearing Script
3. Public Hearing Notice

NOTIFICATION:

1. DFA Development, LLC
2. Notify Me subscriber lists: Affordable Housing, Public Hearings