



## Legislation Details (With Text)

|                       |                                                                                                                                                                          |                      |   |                      |  |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---|----------------------|--|
| <b>File #:</b>        | 24-604                                                                                                                                                                   | <b>Version:</b>      | 1 | <b>Name:</b>         |  |
| <b>Type:</b>          | Action Item                                                                                                                                                              | <b>Status:</b>       |   | Agenda Ready         |  |
| <b>File created:</b>  | 5/22/2024                                                                                                                                                                | <b>In control:</b>   |   | BOARD OF SUPERVISORS |  |
| <b>On agenda:</b>     | 6/11/2024                                                                                                                                                                | <b>Final action:</b> |   |                      |  |
| <b>Title:</b>         | 11:00 A.M. - TEFRA Public Hearing - Consideration of Conduit financing for the Caritas Affordable Housing Project                                                        |                      |   |                      |  |
| <b>Sponsors:</b>      | Administrative Office                                                                                                                                                    |                      |   |                      |  |
| <b>Indexes:</b>       |                                                                                                                                                                          |                      |   |                      |  |
| <b>Code sections:</b> |                                                                                                                                                                          |                      |   |                      |  |
| <b>Attachments:</b>   | 1. AMERICAS 1100903043 v3 - Caritas 2024A - County of Lake TEFRA Notice, 2. Board of Supervisors - Resolutions - 2013-135 - 12_10_2013, 3. 2024 Resolution - CoCo Signed |                      |   |                      |  |

| Date      | Ver. | Action By            | Action | Result |
|-----------|------|----------------------|--------|--------|
| 6/11/2024 | 1    | BOARD OF SUPERVISORS |        |        |

### Memorandum

**Date:** June 11, 2024

**To:** The Honorable Lake County Board of Supervisors

**From:** Administrative Office

**By:** Jarod Suzuki, California Municipal Finance Authority

**Subject:** 11:00 A.M. - Public Hearing - Consideration of Conduit financing for the Caritas Affordable Housing Project

### Executive Summary:

#### Issue

Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) on June 11, 2024 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 \$166,000,000, (the “Bonds”), to (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority’s outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the “2014A Bonds”), and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the “2014B Bonds” and, together with the 2014A Bonds, the “2014 Bonds”), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the “Project”)

Adopt a resolution to approve the financing of the Project by the CMFA.

### Recommendations

- 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 Caritas Affordable Housing, Inc. (the “Corporation” and, together with the LLCs, the “Borrowers”), 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).

## **BACKGROUND:**

The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$166,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used for (a) pay costs of the 2024 New Money Project (as defined below) and (b) refund all or a portion of the Authority’s outstanding Mobile Home Park Senior Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014A (the “2014A Bonds”), and Mobile Home Park Subordinate Revenue Bonds (Caritas Affordable Housing, Inc. Projects), Series 2014B (the “2014B Bonds” and, together with the 2014A Bonds, the “2014 Bonds”), which 2014 Bonds were issued to finance and refinance the 2014 Project (as defined below, and as referred to herein collectively with the 2024 New Money Project, the “Project”).

The term “2024 New Money Project” means all or a portion of the costs of: (a) the acquisition, construction, improvement and equipping of property located at 220 Camino Corto, Vista, California 92083 (the “Estrella Apartment Project”) and at 2441 South El Camino Real, San Clemente, California 92672 (the “San Clemente Project”); (b) certain capital expenditures for the properties comprising the 2014 Project, including, but not limited to, the replacement of asphalt surfaces in and about such properties (the “Improvement Project”); and (c) certain working capital expenditures as permitted by the Code and the Treasury Regulations promulgated thereunder.

The term “2014 Project” means financing and refinancing all or a portion of the costs of the acquisition, construction, improvement and equipping of: (a) a 285-space mobile home park known as Valley Village Mobile Home Park, located at 6401 Country Club Drive, Rohnert Park, California 94928 (the “2014 Valley Village Project” and, together with the portion of the Improvement Project at the 2014 Valley Village Project, the “Valley Village Project”); (b) a 67-space mobile home park known as Sterling Shores Estates Manufactured Housing Community, located at 5830 Robin Hill Drive, Lakeport, California 95453 (the “2014 Sterling Shores Project” and, together with the portion of the Improvement Project at the 2014 Sterling Shores Project, the “Sterling Shores Project”); (c) a 123-space mobile home park known as Desert Sands Estates Mobile Home Park, located at 4511 25th Street East, Lancaster, California 93535 (the “2014 Desert Sands Project” and, together with the portion of the Improvement Project at the 2014 Desert Sands Project, the “Desert Sands Project”); (d) a 164-space mobile home park known as Aztec Mobile Home Estates, located at 7425 Church Street, Yucca Valley, California 92284 (the “2014 Aztec Project” and, together with the portion of the Improvement Project at the 2014 Aztec Project, the “Aztec Project”); (e) a 100-space mobile home park known as Rancho Brea Mobile Home Estates, located at 1414 West Central Avenue, Brea, California 92821 (the “2014 Rancho Brea Project” and, together with the portion of the Improvement Project at the 2014 Rancho Brea Project, the “Rancho Brea Project”); (f) a 465-space mobile home park known as Friendly Village Mobile Home Park, located at 1301 East Avenue 1, Lancaster, California 93535 (the “2014 Friendly Village Project” and, together with the portion of the Improvement Project at the 2014 Friendly Village Project, the “Friendly Village Project”); (g) a 264-space mobile home park known as Hacienda Mobile Estates, located at 2330 East Avenue J 8, Lancaster, California 93535 (the “2014 Hacienda Project” and, together with the portion of the Improvement Project at the 2014 Hacienda Project, the “Hacienda Project”); (h) a 107-space mobile home park

known as Estrella De Oro, located at 220 Camino Corto, Vista, California 92083 (the “2014 Estrella Project” and, collectively with the portion of the Improvement Project at the 2014 Estrella Project and the Estrella Apartment Project, the “Estrella Project”); and (i) a 159-space mobile home park known as Vista Manor Mobile Home Park, located at 200 Olive Avenue, Vista, California 92083 (the “2014 Vista Manor Project” and, together with the portion of the Improvement Project at the 2014 Vista Manor Project, the “Vista Project”).

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County of Lake 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.

### **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 200 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.

### **FISCAL IMPACT:**

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County 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.

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 Gilroy, it is expected that 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. The Borrower will be the beneficiary of the CMFA’s charitable donation through a 25% reduction in issuance fees.

### **SUMMARY:**

In light of the foregoing, and in order to support affordable housing, staff recommends that the County conduct the TEFRA Hearing and adopt the resolution in favor of the issuance of the Bonds by the CMFA.

#### **If not budgeted, fill in the blanks below only:**

Estimated Cost: \_\_\_\_\_ Amount Budgeted: \_\_\_\_\_ Additional Requested: \_\_\_\_\_ Future Annual Cost: \_\_\_\_\_

#### **Purchasing Considerations** (check all that apply):

☒ Not applicable

☐ Fully Article X. <[https://library.municode.com/ca/lake\\_county/codes/code\\_of\\_ordinances?nodeId=COOR\\_CH2AD\\_ARTXPU\\_S2-38EXCOBI](https://library.municode.com/ca/lake_county/codes/code_of_ordinances?nodeId=COOR_CH2AD_ARTXPU_S2-38EXCOBI)>- and/or Consultant Selection Policy <[http://lcnet.co.lake.ca.us/Assets/Intranet/Policy/Policies+\\$!26+Procedures+Manual/Ch4\\_2021v2.pdf](http://lcnet.co.lake.ca.us/Assets/Intranet/Policy/Policies+$!26+Procedures+Manual/Ch4_2021v2.pdf)>-Compliant (describe process undertaken in “Executive Summary”)

- ☐ Section 2-38 <[https://library.municode.com/ca/lake\\_county/codes/code\\_of\\_ordinances?nodeId=COOR\\_CH2AD\\_ARTXPU\\_S2-38EXCOBI](https://library.municode.com/ca/lake_county/codes/code_of_ordinances?nodeId=COOR_CH2AD_ARTXPU_S2-38EXCOBI)> Exemption from Competitive Bidding (*rationale in "Executive Summary," attach documentation, as needed*)
- ☐ For Technology Purchases: Vetted and Supported by the [Technology Governance Committee](http://lcnet.co.lake.ca.us/Assets/Intranet/Intranet+Forms/Information+Technology/AdvPlan.pdf) <<http://lcnet.co.lake.ca.us/Assets/Intranet/Intranet+Forms/Information+Technology/AdvPlan.pdf>> ("Yes," if checked)
- ☐ Other (*Please describe in Executive Summary*)

**Consistency with Vision 2028** <<http://www.lakecountyca.gov/Government/Directory/Administration/Visioning/Vision2028.htm>>

(check all that apply):

- |                                                  |                                                      |                                                                      |
|--------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------|
| <input type="checkbox"/> Well-being of Residents | <input checked="" type="checkbox"/> Not applicable   |                                                                      |
| <input type="checkbox"/> Economic Development    | <input type="checkbox"/> Public Safety               | <input type="checkbox"/> Disaster Prevention, Preparedness, Recovery |
| <input type="checkbox"/> Community Collaboration | <input type="checkbox"/> Infrastructure              | <input type="checkbox"/> County Workforce                            |
|                                                  | <input type="checkbox"/> Business Process Efficiency | <input type="checkbox"/> Clear Lake                                  |

**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 Caritas Affordable Housing, Inc. (the "Corporation" and, together with the LLCs, the "Borrowers"), 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).