



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Prepared by: Jason Simpson, Assistant City Manager

Date: June 27, 2017

Subject: Consideration of Public Hearing on Issuance of Tax Exempt Bonds for the Mission Trails Apartments and Resolution Approving the Issuance of Bonds

Recommendation

Conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing in consideration of the issuance of tax exempt bond financing by the California Statewide Communities Development Authority for the benefit of Willow Partners, to provide financing for the acquisition, construction, and equipping of an 81-unit multifamily rental housing project generally known as Mission Trail Apartments.

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, APPROVING THE ISSUANCE OF BONDS BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY NOT TO EXCEED \$20,000,000, FOR THE BENEFIT OF C&C DEVELOPMENT, LLC TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF AN 81-UNIT MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS MISSION TRAILS APARTMENTS.

Background

C&C Development Co., LLC (the "Borrower") has requested that the California Statewide Communities Development Authority ("CSCDA") serve as the municipal issuer of tax-exempt multi-family housing revenue bonds in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds"). The proceeds of the Bonds will be used for the purpose of making a loan to the Borrower, to enable the Borrower to finance the acquisition, construction and equipping of an 81-unit affordable multifamily housing rental project located on the west side of Mission Trail, South of Hidden Trail (APN: 365-030-001), Lake Elsinore, California (the "Project"), which will be owned and operated by the Borrower.

Discussion

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Lake Elsinore ("City") must conduct a public 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. Adoption of the resolution is solely for the purposes of satisfying the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA), the Internal Revenue Code and the California Government Code Section 6500 (and following). 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. A public notice was published on May 30, 2017 (Exhibit A).

CSCDA is a joint powers authority sponsored by the League of California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 530 members, including the City of Lake Elsinore. CSCDA has issued more than \$60 billion through 1,400 plus financings since 1988.

Fiscal Impact

There is no fiscal impact to the City. The Bonds will be issued as limited obligations of CSCDA, payable solely from revenues and receipts derived from a loan to be made by CSCDA to the Borrower with the Bond proceeds. The City bears no liability with respect to the issuance of the Bonds. Further, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds or the proposed financing.

Exhibits

- A - Reso. Approving Issuance of Bonds
- B - Public Hearing Request
- C - Bond Application
- D – Proof of Publication for Public Hearing