



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MARCH 5, 2019**

FROM: FINANCE DEPARTMENT **WARDS: 5**

SUBJECT: PUBLIC HEARING – RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$90,000,000 BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY FOR CALIFORNIA BAPTIST UNIVERSITY FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF STUDENT HOUSING FACILITIES AND ALL RELATED EXPENSES

ISSUES:

Conduct the Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing regarding the issuance of revenue bonds, future refunding bonds, and the related plan of financing to finance the acquisition, construction, improvement, renovation, furnishing and equipping of an approximately 600 bed student housing facility and related administrative and support facilities, site improvements and parking ("Project") located within the City of Riverside ("City") for California Baptist University ("University"), adopt a resolution to authorize the issuance of revenue bonds and refunding bonds in an aggregate principal amount not to exceed \$90,000,000 by the California Statewide Communities Development Authority, on behalf of Lancer Educational Housing, L.L.C., a California limited liability company for the Project, approve the related plan of financing for the purpose of financing the Project, and authorize the City Manager, or his designee, to execute all required documents.

RECOMMENDATIONS:

That the City Council:

1. Conduct the TEFRA Public Hearing regarding the issuance of revenue and any refunding bonds along with the related plan of financing for the acquisition, construction, improvement, renovation, furnishing and equipping of an approximately 600 bed student housing facility and related administrative and support facilities, site improvements and parking ("Project") located within the City of Riverside ("City") for California Baptist University, Riverside ("University");
2. Adopt a resolution in order to authorize the issuance of revenue bonds and refunding bonds in an amount not to exceed \$90,000,000 by the California Statewide Communities Development Authority, on behalf of Lancer Educational Housing, L.L.C., a California limited liability company for the Project; and

3. Authorize the City Manager, or his designee, to execute all required documents.

BACKGROUND:

The California Statewide Communities Development Authority (the "Authority") was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with a tool for financing community-based public benefit projects. Under the California Government Code, cities and counties are authorized to form by agreement a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement. More than 500 cities, counties and special districts are Program Participants to the Authority, including the City of Riverside. The Authority serves as the conduit issuer and provides access to an efficient mechanism to finance locally-approved projects. The Authority serves as the conduit issuer to finance locally-approved higher education facilities.

DISCUSSION:

The City has received a request from the Authority to conduct a public hearing as required by the Internal Revenue Code in order to issue revenue and refunding bonds (the "Bonds") in an aggregate amount not to exceed \$90 million on behalf of Lancer Educational Housing, L.L.C. (the "Borrower"). The Borrower will use the proceeds of the Bonds for the acquisition, construction, improvement, renovation, furnishing and equipping of an approximately 600 bed student housing facility and related administrative and support facilities, site improvements and parking (the "Project") located at California Baptist University, Riverside.

The Bonds would be private activity bonds for the purpose of the Internal Revenue Code, and per Section 147(f) must be approved by the governmental unit having jurisdiction over the area in which the project to be financed is located. The City will not be under any obligation to repay the Bond indebtedness.

In order for the Authority to issue such Bonds, the City must (1) conduct a public hearing allowing members of the public to comment on the proposed Project, and (2) approve the Authority's issuance of Bonds on behalf of the proposed financing plan. Although the Authority (not the City) will be the issuer of the revenue bonds for the Project, the financing cannot proceed without the City approving of the Authority's issuance of indebtedness.

FISCAL IMPACT:

There is no direct or indirect fiscal impact to the City as a result of this proposed financing. The Authority will issue revenue bonds on behalf of the Project. The revenue bonds are payable solely from the revenues derived by the Borrower from the applicable Project. No financial obligations are placed on the City for project financing costs or debt repayment.

Prepared by: Edward Enriquez, Chief Financial Officer/City Treasurer
Certified as to
availability of funds: Marie Ricci, Assistant Chief Financial Officer
Approved by: Lea Deesing, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Resolution Authorizing Issuance of Bonds
2. Presentation
3. Notice of Public Hearing