



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 17, 2019

FROM: FINANCE DEPARTMENT WARDS: 1

SUBJECT: PUBLIC HEARING – RESOLUTION APPROVING ISSUANCE OF REVENUE BONDS BY CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$32,000,000 FOR THE PURPOSE OF FINANCING A 72-UNIT MULTIFAMILY RENTAL HOUSING FACILITY

ISSUES:

Conduct a Tax Equity and Fiscal Responsibility Act Public Hearing regarding the proposed issuance of revenue bonds to finance the acquisition and construction of a 72-unit multifamily rental housing facility to be owned and operated by the Borrower and located at 3933 Mission Inn Avenue and Fairmount Boulevard and adopt a Resolution approving the issuance of revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed \$32,000,000 to finance a 72-unit multifamily rental housing facility for the benefit of Mission Heritage LP, or another entity created by Wakeland Housing and Development Corporation (or an affiliate), and certain other matters relating thereto.

RECOMMENDATIONS:

That the City Council:

1. Conduct a Tax Equity and Fiscal Responsibility Act Public Hearing regarding the proposed issuance of revenue bonds to finance the acquisition and construction of a 72-unit multifamily rental housing facility to be owned and operated by the Borrower and located at 3933 Mission Inn Avenue and Fairmount Boulevard;
2. Adopt a resolution approving the issuance of revenue bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed \$32,000,000 to finance a 72-unit multifamily rental housing facility for the benefit of Mission Heritage LP, or another entity created by Wakeland Housing and Development Corporation (or an affiliate), and certain other matters relating thereto; and
3. Authorize the City Manager, or designee, to execute all required documents and make certain changes as required, including making minor non-substantive changes and/or corrections.

BACKGROUND:

The California Municipal Finance Authority (the “Authority”) is a California joint exercise of powers Authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 and following). The Authority was created on January 1, 2004 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. To date, over 300 municipalities, including the City of Riverside, have become members of CMFA. The Authority serves as the conduit issuer and provides access to an efficient mechanism to finance locally-approved projects.

DISCUSSION:

The City has received a request from the Authority to conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing as required by the Internal Revenue Code in order to issue one or more series of tax-exempt revenue bonds (the “Bonds”) in an aggregate amount not to exceed \$32 million. The Bonds will be issued by the Authority for the purpose of providing financing to Wakeland Housing and Development Corporation (the “Sponsor”), on behalf of Mission Heritage LP, a California limited partnership or another entity created by the Sponsor (or an affiliate of the Sponsor), (the “Borrower”). The Borrower will use the proceeds of the Bonds for the acquisition and construction of a 72-unit multifamily rental housing facility to be owned and operated by the Borrower and located at 3933 Mission Inn Avenue, and 3655 Fairmount Boulevard (Assessor’s Parcel Numbers 214-212-007 through 214-212-014), (the “Project”) on a rectangular site bounded by Mission Inn Avenue to the south, Fairmount Boulevard to the east, 6th Street to the north and existing commercial and residential uses to the west, within the City of Riverside (the “City”).

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City must conduct a 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. Prior to the TEFRA Hearing, the City must provide members of the community reasonable notice of the hearing. 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.

The Authority will issue the Bonds for the Project. The Bonds 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 will be paid solely from funds provided by the Borrower.

FISCAL IMPACT:

There is no direct or indirect fiscal impact to the City because of this proposed financing by the Authority. 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. The City will have no financial obligation for project financing costs or debt repayment. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities. A portion of the issuance fee attributable to the City will be granted by the CMFA to

the general fund of the City. The funds may be used for any lawful purpose of the City.

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

Attachments:

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