

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER,  
FINANCE DEPARTMENT

SUBJECT: RESOLUTION APPROVING A FIRST AMENDMENT TO THE  
JOINT EXERCISE OF POWERS AGREEMENT FOR THE SANTA  
ROSA PUBLIC FINANCING AUTHORITY

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, approve an amendment to the Joint Exercise of Powers Agreement establishing the Santa Rosa Public Financing Authority for the purpose of adding the Housing Authority of the City of Santa Rosa as a member and removing the Successor Agency to the Redevelopment Agency of the City of Santa Rosa as a member.

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EXECUTIVE SUMMARY

In response to the dissolution of the Redevelopment Agency of the City of Santa Rosa and the eventual dissolution of the Successor Agency to the Redevelopment Agency of the City of Santa Rosa, and in order to ensure the continuing existence and usefulness of the Santa Rosa Public Financing Authority, the proposed resolution would provide for the approval of an amendment to the Joint Exercise of Powers Agreement establishing the Santa Rosa Public Financing Authority for the purpose of adding the Housing Authority of the City of Santa Rosa as a member and removing the Successor Agency to the Redevelopment Agency of the City of Santa Rosa as a member.

BACKGROUND

The formation of a Joint Powers Authority requires two separate legal entities to facilitate the creation of a new legal entity in accordance with Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. This new legal entity becomes known as the Public Financing Authority and once formed, the members of the City Council sit as the board of the authority.

RESOLUTION APPROVING 1<sup>ST</sup> AMENDMENT TO JPA FOR SR PFA  
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The Santa Rosa Public Financing Authority (the "PFA") was created as a Joint Exercise of Powers Authority by the City of Santa Rosa and the Redevelopment Agency of the City of Santa Rosa (the "Redevelopment Agency") pursuant to a Joint Exercise of Powers Agreement ("JPA") approved by Resolution No. 26096 dated October 5, 2004. The City Council sits as the Board of the PFA. The City of Santa Rosa has worked with the PFA on many of its financings, including its lease financings.

Pursuant to amendments to the Community Redevelopment Law enacted by ABx1 26, the Redevelopment Agency has been dissolved and has been succeeded by the Successor Agency to the Redevelopment Agency of the City of Santa Rosa ("Successor Agency"). However, pursuant to §34187(b), the Successor Agency will dissolve when all of its enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved. Staff expects this to occur in approximately 2033. Dissolution of the Successor Agency is problematic because the Joint Exercise of Powers Act (Gov. Code §6500 et seq.) contemplates that a joint exercise of powers agreement will have at least two members, and the City would like the PFA to remain available as a financing partner.

#### PRIOR CITY COUNCIL REVIEW

On October 5, 2004, the City Council passed Resolution No. 26096 authorizing the formation of a Joint Powers Authority with the Redevelopment Agency of the City of Santa Rosa.

#### ANALYSIS

The City would like the PFA to remain available to the City as a financing partner, most notably when the City undertakes lease financings. In order to do this, we need to replace the Successor Agency as a member of the PFA with another entity. The Housing Authority is the most logical replacement entity to meet this need.

City staff and legal counsel recommend an amendment of the Joint Exercise of Powers Agreement for the PFA to add the Housing Authority to replace the Successor Agency to the Redevelopment Agency as a member of the PFA.

The PFA is a separate public agency from its members (Gov. Code §6507) and California law is clear that the debts and liabilities of the PFA are not the debts and liabilities of its members to the extent described in the Joint Exercise of Powers Agreement (Gov. Code §6508.1), and the Agreement provides:

Section 4.05. Non-Liability of Members and Directors For Obligations of Authority. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of any of the Members. No member, officer, agent or

employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Authority or be subject to any personal liability or accountability by reason of any obligations of the Authority; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Authority.

This action must also be approved by the Successor Agency Board and the Housing Authority Board. Once approved by the City Council, Housing Authority Board and Successor Agency Board, the amendment will be forwarded to the Oversight Board for approval and submittal to the State Department of Finance for review as required in the Dissolution Law.

#### FISCAL IMPACT

Approving an amendment to the JPA does not have a fiscal impact.

#### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

#### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

#### NOTIFICATION

Not applicable.

#### ATTACHMENTS

- Attachment 1 – First Amendment to Joint Exercise of Powers Agreement
- Attachment 2 – Joint Exercise of Powers Agreement
- Resolution

#### CONTACT

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