

RESOLUTION NO. RES-2024-018

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING THE ISSUANCE OF QUALIFIED RESIDENTIAL RENTAL PROJECT BONDS IN AN AMOUNT NOT TO EXCEED \$20 MILLION BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN ACCORDANCE WITH SECTION 147(f) OF THE INTERNAL REVENUE CODE AND THE JOINT EXERCISE OF POWERS AGREEMENT RELATING TO SAID AUTHORITY

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), certain public agencies (the “Members”), have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “CMFA Agreement”) in order to form the California Municipal Finance Authority (the “Authority”), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the City of Santa Rosa (the “City”) is a Member of the Authority; and

WHEREAS, the Authority is authorized by Title 1, Division 7, Chapter 5 of the California Government Code (the “JPA Act”) and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Housing Act” and together with the JPA Act, the “Law”) to issue and sell revenue bonds for the purpose of financing the acquisition, construction and development of multifamily rental housing facilities to be occupied in part by low and very low income tenants; and

WHEREAS, Danco Communities (the “Sponsor”), on behalf of Santa Rosa Boyd, LP, a limited partnership, or another entity to be created by the Sponsor or by an affiliate of the Sponsor (such limited partnership or other entity so created being referred to as the “Borrower”), has requested the Authority to issue tax-exempt revenue bonds (the “Bonds”) for the purpose of lending the proceeds thereof to the Borrower to finance the acquisition, construction, improvement and equipping of a 46-unit multifamily rental housing facility located at 811 Boyd Street, Santa Rosa, California, known as the Orchard Commons formerly known as Boyd Street Family Apartments and to be owned and operated by the Borrower (the “Project”); and

WHEREAS, Section 4 of the CMFA Agreement requires the City, as the Member in whose jurisdiction the Project is situated, to approve the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 requires the Council of the City (the “City Council”), as the elected representative of the City, the host jurisdiction of the Project, to approve the issuance of the Bonds after a public hearing has been held following reasonable notice; and

WHEREAS, on January 14, 2020, City Council held a public hearing and approved the issuance of bond financing from CMFA. Due to COVID-19 related delays, the issuance of bonds did not occur within one year from initial approval resulting in the request for a new public hearing and approval, as required pursuant to tax code section 147(f); and

WHEREAS, this action is exempt from the California Environmental Quality Act (“CEQA”) because the Project is consistent with the development density established by existing zoning, community plan or general plan policies for which an Environmental Impact Report was certified, pursuant to CEQA Guideline Section 15183, and because the Project is an infill development project, pursuant to CEQA Guideline Section 15332; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Santa Rosa, as follows:

Section 1. The City hereby approves the issuance of the Bonds by the Authority for the Project in an aggregate principal amount not to exceed Twenty Million Dollars (\$20,000,000). It is the purpose and intent of the City Council that this resolution constitutes approval of the issuance of the Bonds by the Authority for the Project for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) and (b) Section 4 of the CMFA Agreement.

Section 2. The foregoing approval is consistent with the budgetary and financial circumstances of the City in that there are no funds of the City that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the City, or any public entity controlled by the City, for the acquisition, construction, improvement, equipping or operation of the Project, or for the repayment of the Bonds. The Project is to be paid for entirely from funding sources other than the City; the Housing Authority of the City of Santa Rosa contributed funds to the Project. The City shall not be responsible in any manner for the acquisition, construction, improvement, equipping or operation of the Project, or for the repayment of the Bonds or any other funding source for the Project.

Section 3. The City Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority’s issuance of the Bonds for the financing of the Santa Rosa Hospital Project or for any other purpose.

///

///

///

Section 4. The adoption of this Resolution is solely for the purpose of meeting the requirements of the Code, applicable United States Treasury Regulations and the CMFA Agreement, and shall not be construed in any other manner. Neither the City nor its staff has fully reviewed or considered the financial feasibility of the Project or the expected operation of the Project with regards to any State of California statutory requirements, and the adoption of this Resolution shall not obligate the City or any department of the City, without further formal action to be taken by this City Council, including, but not limited to, the approval of any financing documents, (i) to provide financing to the Borrower for the acquisition, construction, improvement or equipping of the Project or to issue bonds for purposes of such financing; or (ii) to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, improvement, equipping or operation of the Project.

IN COUNCIL DULY PASSED this 30th day of January, 2024.

AYES: (6) Mayor N. Rogers, Vice Mayor Stapp, Council Members Alvarez, Fleming, MacDonald, Okrepkie

NOES: (0)

ABSENT: (1) Council Member C. Rogers

ABSTAIN/RECUSE: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney