



CITY OF POMONA

COUNCIL REPORT

May 20, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

SUBJECT: PUBLIC HEARING – CONSIDERATION OF A RESOLUTION APPROVING CONDUIT FINANCING FOR THE MT. SAN ANTONIO GARDENS PROJECT UNDER REQUIREMENT OF THE TAX AND EQUITY FISCAL RESPONSIBILITY ACT (TEFRA)

RECOMMENDATION:

It is recommended that the City Council conduct a public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986 to receive testimony and comments and, upon concluding the hearing, adopt the following resolution:

RESOLUTION NO. 2019-59 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS IN A MAXIMUM AGGREGATE ISSUE PRICE OF \$45,000,000 FOR THE PURPOSE OF FINANCING AND REFINANCING COSTS OF IMPROVEMENTS TO AND RELATED WORKING CAPITAL FOR MT. SAN ANTONIO GARDENS AND CERTAIN OTHER MATTERS RELATING THERETO

EXECUTIVE SUMMARY:

That the City Council conduct a TEFRA public hearing and adopt the attached resolution (Attachment 1) in favor of the issuance of \$45,000,000 tax-exempt revenue bonds by the California Municipal Finance Authority (CMFA). This action allows the Pomona property owner (Mt. San Antonio Gardens) to comply with the public hearing requirement in order to obtain financing for improvements and working capital for the local continuing care retirement facility.

FISCAL IMPACT:

No costs will be incurred by the City in connection with the issuance of the Bonds. However, the City will receive approximately \$5,000, 25% of California Municipal Finance Authority

(CMFA) issuance fee, to the General Fund for reimbursement of the administrative costs to process the public hearing. .

PUBLIC NOTICING REQUIREMENTS: Notice of the TEFRA Hearing for the issuance of Revenue Bonds was published in the Inland Valley Daily News on 05/13/2019 (see Attachment No. 2).

DISCUSSION:

The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$45,000,000 tax-exempt revenue bonds. The proceeds of the Bonds will be used: (1) refinance prior tax-exempt debt obligations, the proceeds of which were used to finance costs of improvements to the Borrower's continuing care retirement community and related working capital (the "Community"), and (2) finance costs of improvements and related working capital to the Community, which is located on a single integrated project site generally at and in the vicinity of 890 and 900 E. Harrison Avenue, Pomona, California 91767, and 845 and 895 E. Bonita Avenue, Pomona, California 91767.

In order for all, or a portion of, the Bonds to qualify as tax-exempt bonds, the City of Pomona must conduct a public hearing (the "TEFRA Hearing") providing for 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 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.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 310 municipalities have become members of CMFA including the City of Pomona.

The CMFA was formed 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. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

The Bonds to be issued by the CMFA for the Project 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 are to be paid for solely from funds provided by the Borrower.

Participation by the City in the TEFRA process will not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required.

Prepared by:

Jane Rich
Finance Manager

ATTACHMENT(S):

Attachment No. 1 – Resolution No. 2019-59
Attachment No. 2 – Notice of Public Hearing