



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 28, 2015

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing For American Baptist Homes Of The West (Valle Verde) Debt Issuance

RECOMMENDATION:

That Council hold a public hearing and adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Approving the Issuance of the California Statewide Communities Development Authority Revenue Bonds, Series 2015 (American Baptist Homes of the West) in an Aggregate Principal Amount Not to Exceed \$70,000,000 for the Purpose of Financing and Refinancing the Acquisition, Construction, Furnishing and Equipping of Valle Verde and Certain Other Matters Relating Thereto.

DISCUSSION:

The California Statewide Communities Development Authority ("Authority") is a joint exercise of powers authority formed to assist local governments and non-profits with their financing needs. The City of Santa Barbara is a member of the Authority.

The Authority is assisting American Baptist Homes of the West ("American Baptist") with a bond issuance in an amount not to exceed \$70 million (the "Bonds"). American Baptist owns and/or manages 30 affordable housing retirement communities in California. Nationwide, they serve over 5,000 residents in over 40 communities. Among the American Baptist properties is Valle Verde located at 900 Calle de los Amigos in Santa Barbara (the "Valle Verde Facility").

According to information contained in their application, the funds will be used by the Authority to refinance existing debt originally used in the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of the Valle Verde Facility; and finance remodeling, renovation, furnishing and equipping of the Valle Verde Facility.

Under federal and state law, the governing body of any local entity within which bond proceeds are to be spent must: (1) conduct a public hearing and (2) approve the

issuance of the debt. Therefore, because the new bond financing will benefit the Valle Verde Facility, which is located within the City of Santa Barbara, the City Council must hold a public hearing and adopt a resolution approving the debt issuance. The City Council has held numerous such TEFRA (Tax Equity and Fiscal Responsibility Act) hearings.

It is important to understand that the City of Santa Barbara is in no way associated with the debt issuance and is not obligated to make debt service payments on the Bonds. In addition, holding a public hearing and adopting a resolution in no way makes the City a party to the debt issuance. Federal laws governing these types of hearings recognize that non-profit agencies typically do not have the facilities to conduct their own public hearings; therefore, the local jurisdictions were allowed to loan their facilities and process to hold public hearings for the benefit of the issuing agency.

Staff recommends the City of Santa Barbara hold the public hearing and adopt the resolution approving the issuance of the Bonds by the Authority.

SUBMITTED BY: Robert Samario, Acting Assistant City Administrator and
Finance Director

APPROVED BY: City Administrator's Office