ROCKLIN
CALIFORNIA

City Council Staff Report

Subject: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Approval of the Issuance of Exempt Facility Bonds by the California Municipal Finance Authority for the Benefit of Rocklin Sierra 703, L.P.

Date: April 14, 2026

Submitted By: Megan Bressem, Management Analyst
Daniel Choe, Administrative Services Deputy Director

Department: Administrative Services - Finance

Recommendation:
Conduct a Public Hearing and Consider the Following Action:
Adopt a Resolution of the City Council of the City of Rocklin Approving a Plan of Finance including the Issuance of Exempt Facility Bonds by the California Municipal Finance Authority in an Aggregate Outstanding Principal Amount Not to Exceed $35,000,000 to Finance and Refinance a Qualified Residential Rental Project for the Benefit of Rocklin Sierra 703, L.P. (or an Affiliate), and Certain Other Matters Relating Thereto.

Background:
California Municipal Financing Authority (CMFA)
State law provides the ability for cities and counties to join together under cooperative agreements to form joint powers authorities to issue tax-exempt and/or taxable debt obligations to fund projects that provide a municipal benefit and serve the needs of residents within the jurisdictions of the participating members. Federal law allows these obligations to be issued on a tax-exempt basis under certain circumstances. Cities and counties in California have the ability to act as issuers of conduit bonds and other obligations, but many jurisdictions utilize joint powers authorities such as CMFA, primarily for economies of scale and to access specialized transaction knowledge and resources.

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 350 municipalities have become members of CMFA. The City of Rocklin became a member of CMFA on December 21, 2017 (Resolution No. 2017-278).

Rocklin Sierra 703, L.P. (Borrower)
The Borrower will be Rocklin Sierra 703, L.P., a California limited partnership, or another limited partnership being a general partner of USA Properties Fund, Inc. or an affiliate for the purpose of owning the project. On behalf of the Borrower, USA Properties Fund, Inc. (the

“Sponsor”), has requested that CMFA undertake a proposed plan of finance that includes the issuance and reissuance from time to time of one or more series of exempt facility bonds in an aggregate principal amount not to exceed $35,000,000 (the “Bonds”).

The Bonds are to finance and refinance the acquisition, construction, development and equipping of a 180-unit (including two manager's units) qualified multifamily residential rental housing project (the “Project”). The Project is a qualified residential rental project under Section 142(d)(1)(B) of the Internal Revenue Code, meeting Federal requirements for affordable rental housing with a portion of the units reserved for low- or very low-income households. The Project is to be owned and operated by the Borrower and located at 4930 Rocklin Road in the City of Rocklin, California (the “City”). The Project was entitled by the City on December 6, 2022, known as "The Steven Apartments" (formerly Sierra College Senior Apartments).

The financing for the Project involves the issuance of tax-exempt bonds and may be completed through CMFA if the City approves the financing. The purpose of this TEFRA hearing is to receive public comment and request approval of the financing, as required by the Internal Revenue Code of 1986, as amended. Bond Counsel in this transaction, Anzel Galvan LLP, has coordinated with the City Clerk to properly notice this public hearing and has assisted in the preparation of the resolution (Attachment 1) for approval.

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.

The issuance of the exempt facility bonds as tax-exempt will reduce financing costs and debt service costs for the Borrower. In order to satisfy the requirements for the bonds to be issued as tax-exempt, an applicable elected representative which is also a member of CMFA is required to conduct the TEFRA hearing and approve the issuance of the tax-exempt bonds in accordance with Section147(f) of the Code. The City Council of the City of Rocklin constitutes an applicable elected representative under Section 147(f) of the Code.

The City Council is being asked to adopt a resolution that would approve the issuance of tax-exempt and taxable exempt facility bonds by the CMFA, in one or more series, in a maximum aggregate principal amount of $35,000,000 (the “Bonds”) to finance and refinance the acquisition, construction, development and equipping of a 180-unit (including two manager's units) qualified multifamily residential rental facility project, to be owned and operated by the Borrower and located at 4930 Rocklin Road within the City of Rocklin, California.

With respect to the issuance of the Bonds, outside of holding the TEFRA public hearing and adopting the required resolution, no other participation or activity of the City or the City Council will be required.

Environmental Analysis:
The approval of the Exempt Facility Bonds to finance and refinance the Project is not subject to compliance with the California Environmental Quality Act (California Public Resources Code, Section 21100, et seq.).

Fiscal Impact:
The City has no responsibility for the tax-exempt status or the interest on the Exempt Facility Bonds, the debt service on the Exempt Facility Bonds or any other matter related to the Exempt Facility Bonds.

ATTACHMENTS:
1. Resolution
2. TEFRA Public Hearing Notice