

Agenda Report

June 8, 2026

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: **HOLD TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING AND ADOPT A RESOLUTION FOR THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA) FOR THE BENEFIT OF COLORADO GRAND OAKS LP, APARTMENT PROJECT LOCATED AT 2155-2193 EAST COLORADO BOULEVARD**

RECOMMENDATION:

It is recommended that the City Council:

1. Hold a TEFRA hearing; and
2. Adopt a Resolution of the City Council of the City of Pasadena approving the issuance of the California Municipal Finance Authority (CMFA) Exempt Facility Bonds in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing or refinancing the acquisition, construction, improvement, and equipping of the Colorado Grand Oaks, LP and certain other matters related thereto.

BACKGROUND:

The Colorado Grand Oaks, LP housing project is the acquisition and construction, improvement and equipping of a multifamily rental housing project located in the City of Pasadena, Los Angeles County, California. The project located at 2155-2193 East Colorado Boulevard, Pasadena, California are two separate parcels containing two auto service buildings. Rehab efforts will include construction of a new six-story, 100% affordable housing project with 214 residential units and 109 parking spaces.

The Borrower, Colorado Grand Oaks, LP, has requested that the CMFA adopt a plan of financing providing for the issuance of tax-exempt housing revenue bonds for a qualified residential rental project pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code") in an aggregate principal amount not to exceed \$50,000,000 to finance or refinance the acquisition, rehabilitation, improvement, and equipping of a multifamily rental housing project located at 2155-2193 East Colorado Boulevard, Pasadena, California.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, Borrower may request a qualifying agency to conduct a public hearing (the “TEFRA Hearing”) that provides 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 in accordance with Section 147(f) of the Internal Revenue Code. As part of the public hearing, the City Council may also consider whether it is in the public interest and for the public benefit that the City authorizes the financing and/or refinancing of the Project on a tax-exempt basis.

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 300 municipalities, including the City of Pasadena, have become members of CMFA.

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 financing.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council’s strategic goals to maintain fiscal responsibility and stability and to improve the quality of life.

ENVIRONMENTAL ANALYSIS:

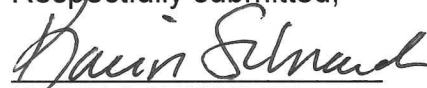
The proposed action is the approval of the tax-exempt financing for the acquisition and rehabilitation of the existing property. Accordingly, this action is not a “project” pursuant to the California Environmental Quality Act (“CEQA”) in accordance with State CEQA Guidelines Section 15378(b)(4), as Bond Counsel has similarly advised. This section of the State CEQA Guidelines excludes from the definition of “project” any government funding mechanism or other government fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant impact to the environment. Bond Counsel for the CMFA has advised that the funding mechanism here does not approve of or commit Colorado Grand Oaks, LP to any particular project, and only provides a funding mechanism for the construction, improvement and equipping of the affordable housing project.

FISCAL IMPACT:

This action requires the CMFA or Colorado Grand Oaks, LP as part of the proposed financing to reimburse staff and outside counsel for their time. There is no anticipated impact to other operational programs or capital projects as a result of this action. The adoption of the Resolution approving the project and the issuance of the bonds complies with the requirements of Section 147(f) of the Internal Revenue Service Code. The proposed obligations to be issued by the CMFA will be the sole responsibility of Colorado Grand Oaks, LP. The City will have no financial or legal obligation for the tax-exempt status of the bonds, the debt service on the bonds, nor any other matter related to the proposed bonds. 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. In addition, CMFA and/or Colorado Grand Oaks, LP will provide indemnification to the City consistent with this lack of financial or legal obligation to the City.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the “Foundation”), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. It is expected that approximately \$22,970, a portion of the issuance fee attributable to the City, will be granted by the CMFA to the General Fund. Such grant may be used for any lawful purpose of the City. In addition to the estimated \$22,970 grant to the City, the City will receive another \$10,000 representing the TEFRA fee that it charges on such transactions.

Respectfully submitted,



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Director of Finance

Prepared by:



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Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager