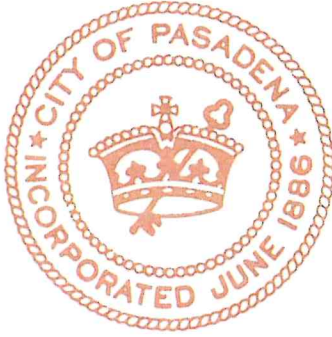




Agenda Report

October 13, 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 2K COLORADO, LP**

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 a plan of finance including the issuance of exempt facility bonds by the California Municipal Finance Authority (CMFA) exempt facility bonds for qualified residential rental project in an aggregate principal amount not to exceed \$42,000,000 for the purpose of financing or refinance the acquisition, construction, improvement and equipping of 2K Colorado, LP, located at 2000-2030 East Colorado Boulevard and 25 South San Marino Avenue, Pasadena, California, and certain other matter related thereto.

BACKGROUND:

The Borrower, 2K Colorado requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$42,000,000 (the "Bonds") of exempt facility bonds. The proceeds of the Bonds will be used to finance or refinance the acquisition, construction, improvement and equipping of a multifamily rental housing project located at 2000-2030 East Colorado Boulevard & 25 South San Marino Avenue, Pasadena, California (the "Project").

The proposed development located 2000–2030 E. Colorado Boulevard and 25 S. San Marino Avenue consists of the construction of a six-story multifamily, rental housing complex totaling 144 units. With the exception of one (1) manager's unit, the development will provide affordable housing at the following levels: Extremely

Low Income (15 units), Very Low Income (15 units), and Low Income (113 units). The ground floor will primarily accommodate parking and building support functions while also providing the primary residential lobby and pedestrian entrance from E. Colorado Boulevard, and communal resident amenity spaces.

In order for all or portion of the Bonds to qualify as tax-exempt bonds, the 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 350 municipalities 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:

The proposed action is consistent with the City’s General Plan – Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy – a goal of the City Council’s Strategic Plan.

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 of the CMFA has advised that the funding mechanism here does not approve of a commit 2K Colorado, LP to any particular project, and only provides a funding mechanism for the acquisition and construction of the affordable housing apartments.

FISCAL IMPACT:

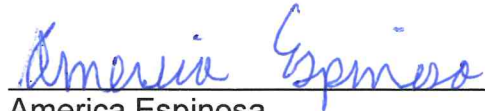
There is no fiscal impact as a result of this action nor will it have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action. The adoption of the Resolution approving the Project and the issuance of the Obligations complies with the requirements of Section 147(f) of the Internal Revenue Code. The proposed Obligations to be issued by CMFA will be the sole responsibility of 2K Colorado, LP. The City will have no financial or legal obligation for the tax-exempt status of the Obligations, the debt service on the Obligations nor any other matter related to the proposed Obligations. In addition, CMFA and/or 2K Colorado, LP, will provide indemnification to the City consistent with this lack of financial or legal obligation to the City. The City will receive \$10,000 representing the TEFRA fee that it charges on such transactions.

Respectfully submitted,

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KARIN SCHNAIDER
Director of Finance

Prepared by:

A handwritten signature in blue ink, appearing to read 'America Espinosa', is written over a horizontal line.

America Espinosa
Senior Treasury Analyst

Approved by:

A handwritten signature in blue ink, appearing to read 'Matthew E. Hawkesworth', is written over a horizontal line.

MATTHEW E. HAWKESWORTH
Interim City Manager