



# City of Culver City

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## Staff Report Details (With Text)

**File #:** 24-985      **Version:** 1      **Name:**

**Type:** Public Hearing      **Status:** Public Hearing

**File created:** 4/26/2024      **In control:** City Council Meeting Agenda

**On agenda:** 5/28/2024      **Final action:**

**Title:** CC - PUBLIC HEARING - (1) Conduct a Public Hearing Pursuant to the Requirements of Tax and Equity Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as Amended; (2) Adoption of a Resolution to Approve the Issuance of Revenue Bonds by the California Municipal Finance Authority to Assist in the Financing or Refinancing of the Turning Point School located in Culver City, California; and (3) Approval the Deposit of Approximately \$7,500 in Issuance Fees to the General Fund.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 2024-05-28\_TEFRA Resolution\_Turning Point School, 2. 2024-05-28\_Public Hearing Notice

Date	Ver.	Action By	Action	Result
5/28/2024	1	City Council Meeting Agenda		
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**Meeting Date:** May 28, 2024

**Contact Person/Dept:** Punit Chokshi, Finance

**Phone Number:** (310) 253-5865

**Fiscal Impact:** Yes  No

**General Fund:** Yes  No

**Public Hearing:**       **Action Item:**       **Attachments:**

**Commission Action Required:** Yes  No

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (05/22/2024)

**Department Approval:** Lisa Soghor, Chief Financial Officer (05/17/2024)

## **RECOMMENDATION**

Staff recommends the City Council conduct a public hearing under the requirements of Tax and Equity Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended, and (1) adopt a Resolution approving the issuance of revenue bonds by the California Municipal Finance Authority (CMFA) for the benefit of the Turning Point School (Corporation), a California nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to provide for tax-exempt financing in an amount not to exceed \$15,000,000 for the purpose of making a loan to the Borrower (i) to refund the Authority's Revenue Bonds (Turning Point School), Series 2010 previously issued to finance or refinance certain educational facilities for the Corporation located in the City, (ii) to finance, refinance or reimburse the acquisition, renovation, construction and equipping of educational facilities of the Corporation located in the City, and (iii) to finance certain reserves and issuance costs of the Bonds. Such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Internal Revenue Code and California Government Code Section 6500; and (2) approve the deposit of approximately \$7,500 in issuance fees to the Culver City General Fund.

## **PROCEDURE:**

1. Mayor seeks motion from the City Council to receive and file the affidavits of publication and posting of notices, and correspondence received in response to the public hearing notices; and
2. Mayor calls for a staff report, and the City Council Members may pose questions to staff as desired; and,
3. Mayor seeks a motion to open the public hearing; and,
4. Mayor seeks a motion to close the public hearing after all public testimony has been presented; and,
5. The City Council discusses the item and arrives at its decision.

## **BACKGROUND/DISCUSSION**

The City was asked to conduct a public hearing under the Tax and Equity Fiscal Responsibility Act ("TEFRA") on April 18, 2024 in connection with the proposed issuance of a tax-exempt loan by the California Municipal Finance Authority ("CMFA"), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$15,000,000, (the "Loan"), to assist the Turning Point School in the financing and refinancing of the acquisition, construction, improvement, renovation, furnishing and/or equipping of certain educational and related facilities located in the City of Culver City, California (the "Project").

The Turning Point School, has requested that the California Municipal Finance Authority participate in the issuance of a tax-exempt loan in an aggregate principal amount not to exceed \$15,000,000 pursuant to a plan of finance to (1) to refund the Authority's Revenue Bonds (Turning Point School),

Series 2010 previously issued to finance or refinance certain educational facilities for the Corporation located in the City, (2) to finance, refinance or reimburse the acquisition, renovation, construction and equipping of educational facilities of the Corporation located in the City, and (3) to finance certain reserves and issuance costs of the Bonds

The facilities to be financed, refinanced, or reimbursed with proceeds of the Bonds are referred to herein collectively as the “Financed Facilities.” The Financed Facilities are located at 8794 and 8780 National Boulevard, Culver City, County of Los Angeles, California, 90232, the approximate boundary roads of which are National Boulevard (north), Wesley Street (east), Landmark Street (south) and Washington Boulevard (west). The Financed Facilities will be owned or leased by and operated by the Corporation.

In order for all or a portion of the Loan to qualify as a tax-exempt loan, the City of Culver City 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 a tax-exempt loan 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 Loan 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 350 municipalities, including the City of Culver City, 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 financings.

#### **FISCAL ANALYSIS**

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. With respect to the City of Culver City, it is expected that approximately \$7,500 of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City.

#### **ATTACHMENTS**

1. 2024-05-28\_TEFRA Resolution Turning Point School
2. 2024-05-28\_Public Hearing Notice

#### **MOTION**

That the City Council:

1. Adopt a Resolution approving the issuance of revenue bonds by the California Municipal Finance Authority (CMFA) for the benefit of the Turning Point School, a California nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to provide for tax-exempt financing in an amount not to exceed \$15,000,000 for the purpose of financing and refinancing the acquisition, construction, improvement, renovation, furnishing and/or equipping of certain educational and related facilities. Such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Internal Revenue Code and California Government Code Section 6500; and
2. Approve the deposit of approximately \$7,500 in issuance fees to the Culver City General Fund.