



Health and Human Services Agency

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DEPARTMENT OF HOUSING & COMMUNITY SERVICES

NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: April 14, 2026

TO: Board of Supervisors

FROM: Tyler Barrington, Housing and Community Services Director

SUBJECT: Resolution approving, authorizing and directing execution of a Joint Exercise of Powers Agreement relating to the California Municipal Finance Authority and approving the issuance of exempt facility bonds for a qualified residential rental project by the authority for the purpose of financing or refinancing the acquisition, construction and improvement of certain facilities for the benefit of Penn Valley Pacific Associates II, a California Limited Partnership.

RECOMMENDATION:

- I. Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (the “CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$11,000,000, (the “Bonds”), to: (1) finance or refinance the acquisition, construction, improvement and equipping of Lone Oak Senior Apartments II, a senior multifamily rental housing project located at 10528 Broken Oak Court, Penn Valley, Nevada County, California (the “County”); and (2) pay certain expenses incurred in connection with the issuance of the Bonds.
- II. Adopt a resolution to become a member of the CMFA and to approve the financing of the Project by the CMFA.

FUNDING: The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County 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.

Additionally, there are no costs associated with membership in the CMFA and the County will in no way become exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the County in the CMFA will not impact the County's appropriations limits and will not constitute any type of indebtedness by the County.

BACKGROUND: The Borrower, Penn Valley Pacific Associates II, a California Limited Partnership (the "Borrower") or a partnership of which Pacific West Communities, Inc. (the "Developer"), requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$11,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to: (1) finance or refinance the acquisition, construction, improvement and equipping of Lone Oak Senior Apartments II, a senior multifamily rental housing project located at 10528 Broken Oak Court, Penn Valley, Nevada County, California (the "County"); and (2) pay certain expenses incurred in connection with the issuance of the Bonds.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County 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 tax-exempt bonds 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 Bonds 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 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.

EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT: In order for the CMFA to have the authority to serve as the issuer of the bonds for the Project, it is necessary for the County to become a member of the CMFA. Attached to this report is a copy of the Joint Exercise of Powers Agreement to be executed by a designated signatory of the County.

The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County 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 County or the State of California but are to be paid for solely from funds provided by the Borrower.

There are no costs associated with membership in the CMFA and the County will in no way become exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the County in the CMFA will not impact the County's appropriations limits and will not constitute any type of indebtedness by the County. Outside of holding the TEFRA hearing, adopting the required resolution and executing the Joint Exercise of Powers Agreement of the CMFA, no other participation or activity of the County or the Board of Supervisors with respect to the issuance of the Bonds will be required.

The Joint Exercise of Powers Agreement expressly provides that any member may withdraw from such agreement upon written notice to the Board of Directors of the CMFA. In the case of the proposed bond financing for the Borrower, the County following its execution of the Joint Exercise of Powers Agreement, could, at any time following the issuance of the Bonds, withdraw from the CMFA by providing written notice to the Board of Directors of the CMFA.

SUMMARY: In light of the foregoing, and in order to support affordable housing, staff recommends that the County conduct the TEFRA Hearing, execute the Joint Exercise of Powers Agreement of the CMFA, and adopt the resolution in favor of the issuance of the Bonds by the CMFA.

Initiated by: Tyler Barrington, Housing and Community Services Director
Approved by: Ryan Gruver, Health and Human Services Agency Director