

## ITEM 5.5

### **CITY MANAGER'S REPORT NOVEMBER 13, 2023 CITY COUNCIL REGULAR MEETING**

**ITEM:** **PUBLIC HEARING (PUBLISHED NOTICE) OF THE CITY COUNCIL TO CONSIDER ISSUANCE OF PHASE 2 REVENUE ANTICIPATION NOTES BY THE RIVER ISLANDS PUBLIC FINANCING AUTHORITY**

**RECOMMENDATION:** **Council to Consider the Following:**

- 1. Hold a Public Hearing; and**
- 2. Adopt Resolution of the City Council of the City of Lathrop Making Findings with Respect to and Approving the Issuance of Phase 2 Revenue Anticipation Notes by the River Islands Public Financing Authority**

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#### **SUMMARY:**

Pursuant to the development agreement with the developers of the River Islands Project, the City requires the River Islands at Lathrop project to provide funding for construction, maintenance and operation of River Islands related infrastructure without utilizing City backed financing. The developer has met this requirement since the inception of the project.

One of the ways infrastructure is financed for the River Islands project separately from any City related funds is with bonds issued by the River Islands Public Financing Authority ("RIPFA" or "Authority"). On September 9, 2019, the Lathrop City Council held a public hearing regarding the issuance of revenue anticipation notes (the "Phase 1 Notes") by the River Islands Public Financing Authority and, following the public hearing, adopted Resolution No. 19-4629 approving the issuance of the Phase 1 Notes by the Authority. Proceeds of the Phase 1 Notes that have been issued by the Authority and have been used to finance public improvements for Phase 1 of the River Islands at Lathrop development.

Construction of public improvements for Phase 2 of the River Islands at Lathrop development is now proceeding, and the Authority would like to move forward with a new Phase 2 revenue anticipation note program that is virtually identical to the Phase 1 Note program, but the notes for which (the "Phase 2 Notes") are to be repaid from special tax revenues from community facilities districts that include property in Phase 2 of the development, including the Authority's Community Facilities District No. 2019-1 and it's recently formed Community Facilities District Nos. 2023-1 and 2023-2.

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**NOVEMBER 13, 2023 CITY COUNCIL REGULAR MEETING**  
**RESOLUTION REGARDING ISSUANCE OF PHASE 2 REVENUE ANTICIPATION**  
**NOTES BY THE RIVER ISLANDS PUBLIC FINANCING AUTHORITY**

Section 6586.5(a)(2) of the California Government Code requires that the local agency with land use jurisdiction over the development of the property in Phase 2 of the River Islands at Lathrop development approve the issuance of the Phase 2 Notes by the Authority and make a finding of significant public benefit after a public hearing. This action mirrors the process the City Council did in 2019 with respect to the Authority's Phase 1 Note program. As with the Phase 1 Notes, the City will have no obligation whatsoever with respect to the repayment of the Phase 2 Notes, and will have no obligation whatsoever with respect to the administration of the Phase 2 Notes.

The City Council, as the local land use authority, is required to hold a public hearing and make certain findings of public benefit as outlined in the attached resolution (Attachment A).

**BACKGROUND:**

In June of 2003, the City Council authorized the Mayor to enter into the first Joint Community Facilities Agreement (JCFA) with RIPFA to facilitate the formation of a Community Facilities District (CFD) on the Stewart Tract. The primary purpose of this CFD was providing for the financing of public improvements related to development occurring within River Islands. Since that time, the City has entered into a number of JCFAs with RIPFA for additional infrastructure financed with bonds issued by RIPFA. This has been a public benefit to the City as it facilitates general plan development west of I-5, and may lead to increased sales tax revenue with the expansion of additional commercial development within the City.

River Islands Development, LLC ("RID"), the master developer of Phase 2 of the River Islands at Lathrop development, has expressed a willingness to advance funds, or to cause funds to be advanced, as needed to pay costs of Improvements not currently able to be financed with proceeds of the Special Tax Bonds, subject to the Authority providing RID or such other entity that advances funds with one or more revenue anticipation notes (collectively, the "Phase 2 Notes") in the amount of any such advances, with the Phase 2 Notes to be repaid from available future revenues of the Authority, including proceeds of special taxes levied on property in the CFDs not needed to pay the Special Tax Bonds and administrative costs of the CFDs (the "Future Available Special Tax Revenues").

On September 9, 2019, the City Council held a public hearing with respect to the issuance by the Authority of revenue anticipation notes to finance public capital improvements for Phase 1 of the River Islands at Lathrop development (the "Phase 1 Notes"), and following the public hearing the City Council adopted Resolution No. 19-4629 making findings with respect to and approving the financing of such public capital improvements with proceeds of the Phase 1 Notes. The City has no obligation whatsoever with respect to the repayment of the Special Tax Bonds, the repayment of the Phase 1 Notes or the administration of the CFDs, and will have no obligation whatsoever with respect to the repayment or administration of the Phase 2 Notes.

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**NOVEMBER 13, 2023 CITY COUNCIL REGULAR MEETING**  
**RESOLUTION REGARDING ISSUANCE OF PHASE 2 REVENUE ANTICIPATION**  
**NOTES BY THE RIVER ISLANDS PUBLIC FINANCING AUTHORITY**

The City Council, as the local land use authority, is required to hold a public hearing and make certain findings of public benefit as outlined in the attached resolution (Attachment A). The passage of the resolution would be a public benefit in the following ways:

- Facilitate the construction of infrastructure required for new housing within the City to meet growing demand for freeway-close living and the construction of infrastructure required for new employment opportunities.
- Provide the opportunity for public infrastructure within the City to be constructed at an earlier point in time than would otherwise occur in the absence of available Phase 2 Note financing.

**REASON FOR RECOMMENDATION:**

The financing of the Improvements with the proceeds of the Phase 2 Notes and the issuance of the Phase 2 Notes by the Authority; provided that each Phase 2 Note contain a provision to the effect that the Phase 2 Notes are not a debt or liability of the City, and are payable solely from specified revenues of the Authority and not from any funds of the City. They also contained a provision to the effect that the owners of the Phase 2 Notes acknowledge and agree that the City has no obligation whatsoever for the administration or repayment of the Phase 2 Notes or for the administration of the CFDs, and that the City shall have no liability in connection with the City Council's approval of the issuance of the Phase 2 Notes by the Authority, or any action or inaction by the Authority with respect to the Phase 2 Notes.

The proposed Phase 2 revenue anticipation notes will ultimately reimburse funding to the River Islands developers for completed public improvements. After holding a public hearing as required by State law, staff recommends the adoption of the attached resolution. Attachment B indicates the area affected by the City's action.

**FISCAL IMPACT:**

There is no fiscal impact associated with this item. The cost of preparing the various documents and the administration of the Phase 2 revenue anticipation notes have been paid by the Developer or the Authority, as well as the cost of any staff time associated with this report preparation.

**ATTACHMENTS:**

- A. Resolution of the City Council of the City of Lathrop Making Findings with Respect to and Approving the Issuance of Phase 2 Revenue Anticipation Notes by The River Islands Public Financing Authority
- B. River Islands Phase 2 Area Exhibit

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**RESOLUTION REGARDING ISSUANCE OF PHASE 2 REVENUE ANTICIPATION**  
**NOTES BY THE RIVER ISLANDS PUBLIC FINANCING AUTHORITY**

**APPROVALS:**



\_\_\_\_\_  
Thomas Hedegard  
Deputy City Manager

11/2/2023

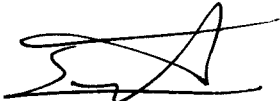
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Brad Taylor  
City Engineer

11/2/2023

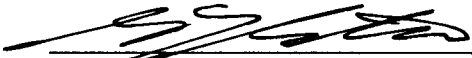
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\_\_\_\_\_  
Salvador Navarrete  
City Attorney

11-3-2023

\_\_\_\_\_  
Date



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Stephen J. Salvatore  
City Manager

11-6-23

\_\_\_\_\_  
Date

**RESOLUTION NO. 23 - \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
MAKING FINDINGS WITH RESPECT TO AND APPROVING THE ISSUANCE OF  
PHASE 2 REVENUE ANTICIPATION NOTES BY THE RIVER ISLANDS PUBLIC  
FINANCING AUTHORITY**

**WHEREAS**, the River Islands Public Financing Authority (the "Authority") has advised the City of Lathrop (the "City") that it has formed three community facilities districts to finance public capital improvements (the "Improvements") necessitated by the development of property in Phase 2 of the River Islands at Lathrop development, including the River Islands Public Financing Authority Community Facilities District No. 2019-1 (Phase 2 Public Improvements), the River Islands Public Financing Authority Community Facilities District No. 2023-1 (Public Facilities), and the River Islands Public Financing Authority Community Facilities District No. 2023-2 (Public Facilities Supplemental) (collectively, the "CFDs"); and

**WHEREAS**, the Authority has further advised the City that it is authorized to levy special taxes on property in each of the CFDs and to use the special taxes so levied to pay costs of the Improvements as well as to pay the debt service on bonds issued by the Authority for each of the CFDs (the "Special Tax Bonds") proceeds of which are to be used to finance costs of the Improvements, all pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311 et seq. of the California Government Code (the "Act"); and

**WHEREAS**, pursuant to the requirements of the Act, each of the CFDs has a rate and method of apportionment of special taxes (the "RMAs") setting forth the methodology whereby the Authority annually levies special taxes on properties in the CFDs to pay costs of the Improvements, debt service on any Special Tax Bonds issued by the Authority for the CFDs and cost of administering the CFDs, subject to maximum annual special taxes for various classifications of property under the RMAs; and

**WHEREAS**, to continue the orderly development of the Phase 2 of the River Islands at Lathrop property in the CFDs, as contemplated by the City's applicable land use approvals for the property, the construction and installation of an extensive and costly amount of the Improvements is necessary and due to the limitations on annual special tax levies in the RMAs for the CFDs, the Authority has advised the City that there is not current special tax capacity for the CFDs that may be pledged to bonded indebtedness of the CFDs to provide sufficient funding for all of the Improvements needed for such development; and

**WHEREAS**, notwithstanding the foregoing, the Authority has advised the City that, upon repayment of the Special Tax Bonds there will be available capacity in the CFDs to levy special taxes to pay costs of the Improvements not funded from proceeds of the Special Tax Bonds; and

**WHEREAS**, the Authority is authorized under the provisions of the Marks-Roos Local Bond Pooling Act of 1982, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Bond Law"), and specifically Section 6591 of the Bond Law, to from time to time issue bonds (which, by reason of Section 6585(c) of the Bond Law, includes revenue anticipation notes) to finance public capital improvements, including the Improvements; and

**WHEREAS**, River Islands Development, LLC ("RID"), the master developer of Phase 2 of the River Islands at Lathrop development, has expressed a willingness to advance funds, or to cause funds to be advanced, as needed to pay costs of Improvements not currently able to be financed with proceeds of the Special Tax Bonds, subject to the Authority providing RID or such other entity that advances funds with one or more revenue anticipation notes (collectively, the "Phase 2 Notes") in the amount of any such advances, with the Phase 2 Notes to be repaid from available future revenues of the Authority, including proceeds of special taxes levied on property in the CFDs not needed to pay the Special Tax Bonds and administrative costs of the CFDs (the "Future Available Special Tax Revenues"); and

**WHEREAS**, the Authority has advised the City that it is willing to issue the Phase 2 Notes to be repaid solely from the Future Available Special Tax Revenues, so that the construction of the Improvements needed for the development of the property in Phase 2 of the River Islands at Lathrop development can continue; and

**WHEREAS**, Section 6586.5(a)(2) of the Bond Law requires that the local agency with land use jurisdiction over the development of the property in Phase 2 of the River Islands at Lathrop approve the issuance of the Phase 2 Notes by the Authority and make a finding of significant public benefit after the conduct of a public hearing, and the Authority has requested that the City Council hold such public hearing, make such finding and approve the issuance of the Phase 2 Notes by the Authority; and

**WHEREAS**, on September 9, 2019, the City Council held a public hearing with respect to the issuance by the Authority of revenue anticipation notes to finance public capital improvements for Phase 1 of the River Islands at Lathrop development (the "Phase 1 Notes"), and following the public hearing the City Council adopted Resolution No. 19-4629 making findings with respect to and approving the financing of such public capital improvements with proceeds of the Phase 1 Notes; and

**WHEREAS**, the City has no obligation whatsoever with respect to the repayment of the Special Tax Bonds, the repayment of the Phase 1 Notes or the administration of the CFDs, and will have no obligation whatsoever with respect to the repayment or administration of the Phase 2 Notes; and

**WHEREAS**, notice of the public hearing has been published in accordance with the requirements of the Bond Law; and

**WHEREAS**, the City Council now desires to make a finding of significant public benefit, pursuant to Section 6586.5(a)(2) of the California Government Code, arising by reason of the issuance of the Phase 2 Notes and to approve the issuance of the Phase 2 Notes and the financing of the Improvements with proceeds of the Phase 2 Notes.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Lathrop as follows:

**Section 1. Findings and Determinations.** Based upon representations by the Authority and RID, the City Council finds that significant public benefits will arise from the financing of the Improvements by means of the issuance of the Phase 2 Notes, such benefits to include, but not be limited to, the following:

- Facilitating the construction of infrastructure required for new housing within the City of Lathrop to meet growing demand for freeway-close living and the construction of infrastructure providing for employment opportunities; and
- Providing the opportunity for public infrastructure within the City to be constructed at an earlier point in time than would otherwise occur in the absence of available Phase 2 Note financing.

**Section 2. Approval of Financing.** The City Council hereby approves the financing of the Improvements with the proceeds of the Phase 2 Notes and the issuance of the Phase 2 Notes by the Authority; provided that each Phase 2 Note contain (a) a provision to the effect that the Phase 2 Notes are not a debt or liability of the City, and are payable solely from specified revenues of the Authority and not from any funds of the City, and (b) a provision to the effect that the owners of the Phase 2 Notes acknowledge and agree that the City has no obligation whatsoever for the administration or repayment of the Phase 2 Notes or for the administration of the CFDs, and that the City shall have no liability in connection with the City Council's approval of the issuance of the Phase 2 Notes by the Authority, or any action or inaction by the Authority with respect to the Phase 2 Notes.

**Section 3. No Further Approvals or Actions.** The adoption of this Resolution shall in no way obligate the City or any department thereof to approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the construction of the Improvements or the financing thereof.

**Section 4. Effective Date.** This Resolution shall take effect upon its adoption.

The foregoing resolution was passed and adopted this 13<sup>th</sup> day of November 2023, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSENT:


ABSTAIN:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Teresa Vargas, City Clerk

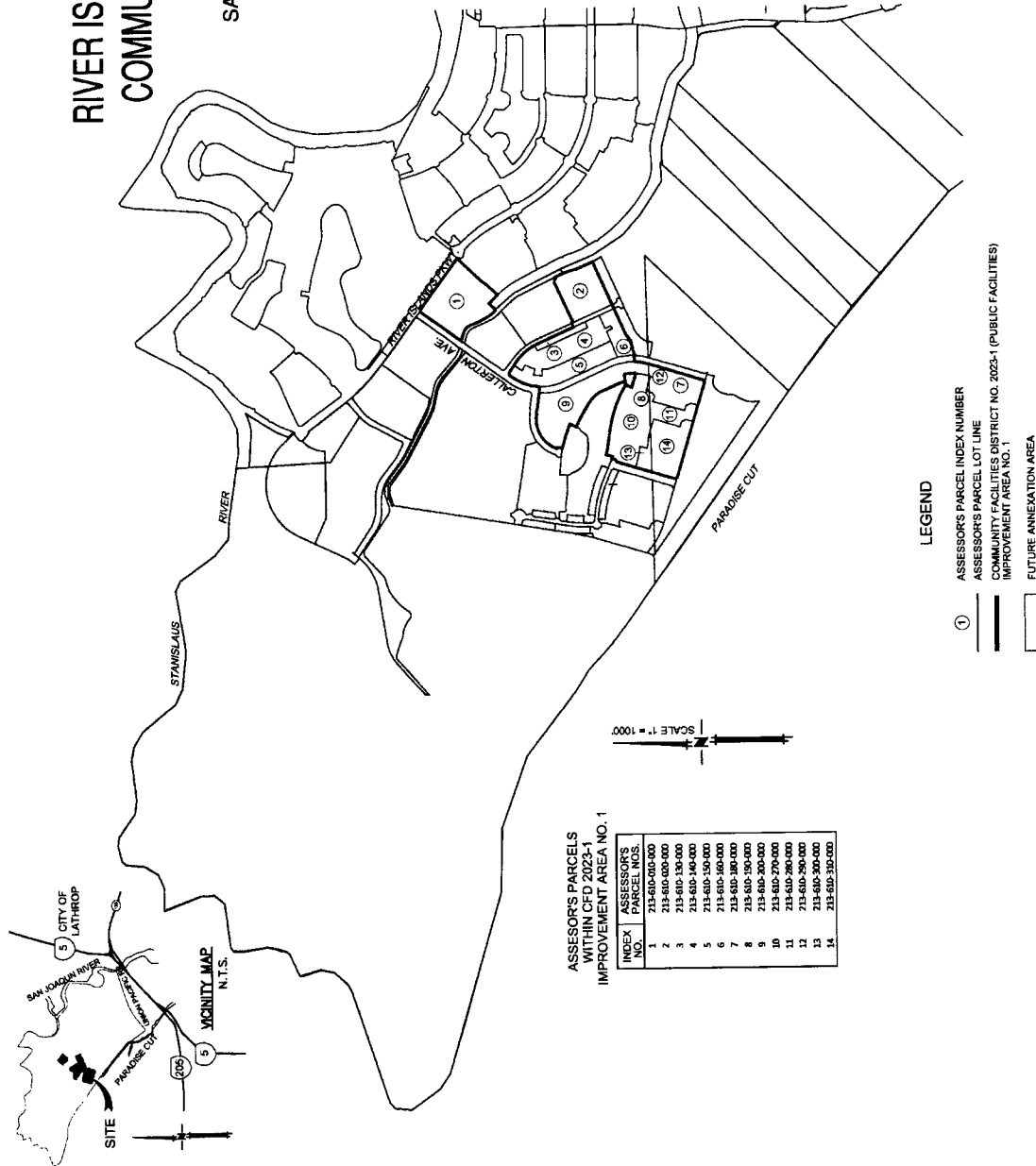
  
\_\_\_\_\_  
Salvador Navarrete, City Attorney



PROPOSED BOUNDARIES OF  
**RIVER ISLANDS PUBLIC FINANCING AUTHORITY**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-1**  
 (PUBLIC FACILITIES)

SAN JOAQUIN COUNTY, STATE OF CALIFORNIA

**ATTACHMENT B**



ASSESSOR'S PARCELS  
 WITHIN CFD 2023-1  
 IMPROVEMENT AREA NO. 1

| INDEX NO. | ASSESSOR'S PARCEL NOS. |
|-----------|------------------------|
| 1         | 213-610-010-000        |
| 2         | 213-610-020-000        |
| 3         | 213-610-130-000        |
| 4         | 213-610-140-000        |
| 5         | 213-610-150-000        |
| 6         | 213-610-160-000        |
| 7         | 213-610-180-000        |
| 8         | 213-610-190-000        |
| 9         | 213-610-200-000        |
| 10        | 213-610-270-000        |
| 11        | 213-610-280-000        |
| 12        | 213-610-290-000        |
| 13        | 213-610-300-000        |
| 14        | 213-610-310-000        |

**LEGEND**

- ① ASSESSOR'S PARCEL INDEX NUMBER
- ASSESSOR'S PARCEL LOT LINE
- COMMUNITY FACILITIES DISTRICT NO. 2023-1 (PUBLIC FACILITIES) IMPROVEMENT AREA NO. 1
- FUTURE ANNEXATION AREA

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