



**STAFF REPORT  
HOLLISTER CITY COUNCIL  
MEETING DATE: November 17, 2025  
REPORT # Community Development-2025-69**

**AGENDA ITEM: A RESOLUTION APPROVING A JOINT POWERS AGREEMENT WITH CALIFORNIA MUNICIPAL FINANCING AUTHORITY(CMFA) AND APPROVING CONDUIT FINANCING FOR THE PROSPECT SENIOR AVENUE, PROSPECT VILLA 1, PROSPECT VILLA II APARTMENTS AFFORDABLE HOUSING PROJECT THROUGH THE CMFA**

**DEPARTMENT:** Community Development

**DEPARTMENT HEAD:** Rod Powell, Assistant City Manager

**STAFF CONTACT:** Jamila Saqqa, Housing Programs Coordinator

**RECOMMENDED ACTION:**

1. Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the "Code") 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 \$12,000,000, (the "Bonds") to: (1) finance or refinance the acquisition, rehabilitation, improvement and equipping of the following multifamily rental housing projects: i) Prospect Avenue Senior, located at 190 East Park Street, Hollister, California, consisting of 20 units (Bond proceeds in an amount not to exceed \$2,105,000); ii) Prospect Villa I, located at 998 Prospect Avenue, Hollister, California, consisting of 14 units (Bond proceeds in an amount not to exceed \$1,590,000); and iii) Prospect Villa III, located at 960 Prospect Avenue, Hollister, California (the "City"), consisting of 30 units (Bond proceeds in an amount not to exceed \$5,305,000); and (2) pay certain expenses incurred in connection with the issuance of the Bonds; and
2. Adopt the resolution to become a member of the CMFA and to approve the financing of the Project by the CMFA and approving the issuance of the Bonds by the CMFA for the benefit of Hollister Investment Group, LP (the "Borrower"), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following). The resolution will also authorize the Mayor or designee thereof to execute the Joint Exercise of Powers Agreement with the CMFA.

**DISCUSSION:** The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$12,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to: (1) finance or refinance the acquisition, rehabilitation, improvement and equipping of the following multifamily rental housing projects: i) Prospect Avenue Senior, located at 190 East Park Street, Hollister, California, consisting of 20 units (Bond proceeds in an amount not to exceed \$2,105,000); ii) Prospect Villa I, located at 998 Prospect Avenue, Hollister, California, consisting of 14 units (Bond proceeds in an amount not to exceed \$1,590,000); and iii) Prospect Villa III, located at 960 Prospect Avenue, Hollister, California (the "City"), consisting of 30 units (Bond proceeds in an amount not to exceed \$5,305,000); 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 City must conduct a public hearing (the “TEFRA Hearing”) providing 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:*

For the CMFA to have the authority to serve as the issuer of the bonds for the Project, it is necessary for the City 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 City.

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 City 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 City 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 City will in no way become exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the City in the CMFA will not impact the City’s appropriations limits and will not constitute any type of indebtedness by the City. 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 City or the city council 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 City, 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.

**FISCAL IMPACT:** 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 Hollister, it is expected that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.

**PREVIOUS COUNCIL OR COMMISSION ACTION:** N/A

**CEQA:** Exempt

The report does not constitute a project under the California Environmental Quality Act (CEQA), and review under CEQA is not required. Furthermore, no Council action is required.

**ATTACHMENTS:**

1. Resolution
2. Joint Powers Agreement