



**DATE:** April 2, 2024

**TO:** Mayor and City Council

**FROM:** Director of Finance

**SUBJECT:** Hayward Hangars Project TEFRA Hearing: Public TEFRA Hearing as Required by the Internal Revenue Code of 1986, and Adoption of a Resolution Approving the Issuance of Industrial Revenue Bonds by the California Public Finance Authority in an Amount Not-to-Exceed \$5,253,000 to Finance or Refinance the Construction Improvement of the Hayward Executive Airport Located at 20995-22049 Skywest Drive, Hayward, California

## **RECOMMENDATION**

That Council:

1. Conducts a public hearing to consider the issuance of Tax-Exempt Industrial Revenue bonds, Series 2024, by the California Public Finance Authority (the "Authority") to assist in the financing or refinancing of the Hayward Hangars Project (the "Project") located at the Hayward Executive Airport at 20995 -22049 Skywest Drive, Hayward, California.
2. Adopts a resolution (Attachment II) approving the issuance of the Industrial Revenue Bonds by the Authority for the benefit of Hayward Hangars, LLC (the "borrower") to provide for the financing of the Project, in an aggregate principal amount not-to-exceed \$5,253,000 (the "Bonds"), of which the tax-exempt portion is in an amount not-to-exceed \$3,361,000. Such adoption is solely for the purpose of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

## **SUMMARY**

The Council has been asked by developer, Hayward Hangars, LLC, to conduct a public hearing under the Tax, Equity and Fiscal Responsibility Act ("TEFRA") in connection with the proposed issuance of industrial revenue bonds by the California Public Finance Authority in an amount not-to-exceed \$5,253,000 of which the tax-exempt portion is in an

amount not-to-exceed \$3,361,000. The bonds will be used for the (i) construction, furnishing, and equipping of eight (8) box hanger units, (ii) refinancing certain outstanding lines of credit, loans and promissory notes of the Borrower, and (iii) financing, as needed for amounts required for reserves, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds.

## **BACKGROUND**

The California Public Finance Authority (the “Authority”) was created by Kings County and the Housing Authority of Kings County, California, pursuant to a Joint Exercise of Powers Agreement to provide a means to finance projects efficiently and reliably on behalf of local governments in California. Its mission is to provide local governments and eligible private entities access to low-cost, tax-exempt and other financing for projects that contribute to the social and economic growth and improve overall standards of living in communities throughout the State. The Authority’s representatives and its Board of Directors have considerable experience in bond financings.

## **DISCUSSION**

The developer, Hayward Hangars, LLC, (the “Borrower”) has requested that the Authority serve as the municipal issuer of the bonds in an aggregate principal amount not-to-exceed \$5,253,000, of which the tax-exempt portion is in an amount not-to-exceed \$3,361,000. The proceeds of the bonds will be used for the construction and rehabilitation of the Hayward Hangars Project located at the Hayward Executive Airport at 20995 -22049 Skywest Drive, Hayward, California. All or a portion of the costs will be used for (i) construction, furnishing, and equipping of eight (8) box hanger units, (ii) refinancing certain outstanding lines of credit, loans and promissory notes of the Borrower, (iii) financing, as needed for amounts required for reserves, capitalized interest, costs of issuance and other financing expenses related to the issuance of the Bonds.

For the Bonds to qualify as tax-exempt bonds, the City must conduct a 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. Prior to this hearing, reasonable notice must be provided to the members of the community. The Notice for this TEFRA hearing was published March 22, 2024. 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 to finance the project.

## **ECONOMIC AND FISCAL IMPACT**

The bonds to be issued by the Authority 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. 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.

With respect to the City, it is expected that that a portion of the issuance fee attributable to the City's efforts in preparing for the TEFRA hearing will be granted by the Authority to the City's General Fund.

### **STRATEGIC ROADMAP**

This item does not relate directly to any specific Strategic Roadmap Priority.

### **PUBLIC CONTACT**

Public noticing requirements related to TEFRA public hearings were strictly adhered to and followed. Notice of this public hearing was published in the Daily Review c/o Bay Area News Group – East Bay on March 22, 2024.

### **NEXT STEPS**

Staff recommends that the City Council conducts the TEFRA Hearing and adopts the resolution in favor of the issuance of the bonds by the Authority.

*Prepared by and Recommended by:* Nicole Gonzales, Director of Finance

Approved by:



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Kelly McAdoo, City Manager