



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Jennifer Donabedian, Administrative Services Manager

DATE: August 13, 2024

**SUBJECT: Agenda Item 6H: Adoption of a Reimbursement Resolution
Related to Acquisition of Property for Employee Housing**

RECOMMENDED ACTION:

Staff recommends the following action:

I move to adopt Resolution No. 24-2024 regarding Adoption of a Reimbursement Resolution Related to Acquisition of Property for Employee Housing.

BACKGROUND:

Due to the lack of rental properties located near the District, and the associated difficulties experienced in the attraction and retention of employees, the District is pursuing the purchase of residential properties to provide temporary rental housing. Bottom line, there are no rentals due to the rapid increase in popularity of short-term rentals. In addition, the cost of purchasing the available homes in Groveland is far beyond the financial means of the majority of our employees, especially those in our utility operations where living close to the District is required.

The District may elect to finance certain acquisitions of property for employee housing from tax-exempt obligations. Federal tax law allows the District to reimburse itself from the proceeds of tax-exempt obligations for capital costs the District pays prior to the issuance of such tax-exempt obligations. In order to reimburse itself, the Board of Directors must adopt a resolution stating its intent to reimburse itself should tax-exempt obligations be issued.

Kutak Rock LLP, the District's bond counsel, has worked with staff to prepare a resolution permitting reimbursement of not-to-exceed \$1,000,000 for costs related to the current capital improvement program which are incurred before tax-exempt obligations; if any, are incurred. Costs that are eligible for reimbursement must have been paid no more than six months before the adoption of the resolution, and the reimbursement must occur within three years after the eligible costs are paid. The foregoing limitations do not apply to "soft" costs such as preliminary studies and reports.

Adoption of the reimbursement resolution will allow for reimbursement of costs associated with the acquisition of property for employee housing, which will replenish District funds available for other approved capital projects.

ATTACHMENTS:

1. Resolution 24-2024

Resolution No. 24-2024

A RESOLUTION OF THE GROVELAND COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS REGARDING INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS

WHEREAS, the Groveland Community Services District (the “District”) is a local government agency that is formed and operating in accordance with Section 61000 *et seq.* of the California Government Code; and

WHEREAS, the District is authorized to purchase property which is necessary for its operation; and

WHEREAS, due to the lack of rental homes within District boundaries and the south County region, the District has determined it to be operationally necessary to purchase property for the purpose of offering temporary rental housing for its employees; and

WHEREAS, the District desires to finance the costs of acquiring, constructing and installing such rental housing, as provided in Exhibit A attached hereto and incorporated herein (the “Project”); and

WHEREAS, the District intends to finance the acquisition, construction and installation of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, the District desires to pay certain costs with respect to the Project prior to the issuance of the Obligations from available moneys of the District and to reimburse itself for such costs from a portion of the proceeds of the sale of the Obligations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Groveland Community Services District as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The District reasonably expects, and hereby states its intention, to reimburse itself for Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes either the general character, type, purpose, and function of the Project or the fund or account from which Project costs are to be paid and the general functional purpose of the fund or account.

SECTION 3. The reasonably expected maximum principal amount of the Obligations that is anticipated to be used for such reimbursement is \$1,000,000.

SECTION 4. Except as described in Section 8 below, this resolution is being adopted not later than 60 days after the payment of the original expenditures (the “Expenditures Date or Dates”).

SECTION 5. Except as described in Section 8 below, the expected date of issue of the Obligations will be within 18 months of the later of: (a) the Expenditure Date or Dates; or (b) the date that the Project is placed in service; provided that the reimbursement may not be made more than three years after the Expenditure Date or Dates.

SECTION 6. Proceeds of the Obligations to be used to reimburse the District for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one year period on any tax-exempt obligation of the District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 7. This resolution is consistent with the budgetary and financial circumstances of the District as of the date hereof. No moneys from sources other than the Obligations are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board of Directors is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 8. The limitations described in Sections 4 and 5 above do not apply to: (a) costs of issuance of the Obligations; (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations; or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 9. This resolution is adopted as official action of the District in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures incurred prior to the date of issue of the Obligations, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

SECTION 10. This resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Groveland Community Services District on August 13, 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Nancy Mora, Board President

ATTEST:

Rachel Pearlman, Board Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Acquisition of homes within District boundaries for rental to District employees