



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: December 10, 2024

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TO: Board of Supervisors

SUBJECT

NOTICED PUBLIC HEARING: ISSUANCE OF REVENUE BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF ASCENT 613 IN AN AGGREGATE AMOUNT NOT TO EXCEED \$95,000,000 (DISTRICT: 2)

OVERVIEW

The County has received a request from the California Municipal Finance Authority (“CMFA” or “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to approve the Authority’s issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$95,000,000 (the “Bonds”), for the benefit of Ascent 613 (the “Borrower”), a California nonprofit public benefit corporation. The Borrower has applied for the financial assistance of the Authority to finance or refinance the acquisition, rehabilitation, future improvement and equipping of an approximately 192-unit dormitory housing project and related facilities located at or adjacent to 10785 Pomerado Road, San Diego, California (collectively, the “Project”).

The Authority is authorized to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue revenue bonds, including the Borrower. To initiate such a financing, the Borrower is asking the County of San Diego, a member jurisdiction in which the project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) approve the Authority’s issuance of the Bonds. Although the Authority will be the issuer of the Bonds for the Borrower, the financing cannot proceed without the approval of an applicable legislative body.

Today’s recommendations will provide the Authority with the required authorization to pursue its determination to issue the Bonds on behalf of the Borrower for the Project.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.
2. Adopt a Resolution entitled:

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RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING THE ISSUANCE OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$95,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, REHABILITATION, IMPROVEMENT AND EQUIPPING OF A DORMITORY HOUSING PROJECT

EQUITY IMPACT STATEMENT

The Authority was established to assist in financing of nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue or reissue revenue obligations. The Revenue Obligations issued will be used to finance or refinance the acquisition, rehabilitation, future improvement and equipping of an approximately 192-unit dormitory housing project and related facilities located at or adjacent to 10785 Pomerado Road, San Diego, California. The Project will assist the Borrower with its public benefit mission of helping to create quality, dormitory housing in the County of San Diego.

SUSTAINABILITY IMPACT STATEMENT

The proposed action would result in economic, social, health and wellbeing benefits for the community by allowing the Borrower to serve 192 households in the County of San Diego. The project will incorporate the latest energy efficiency trends. The proposed action will contribute to County of San Diego Sustainability Goal No. 2 by providing just and equitable access to healthcare services through increasing investment in underserved communities of San Diego County.

FISCAL IMPACT

If approved, the proposal will result in approximately \$991 of unanticipated revenue to be used to reimburse the County for staff costs associated with this non-County financing. There will be no change in net General Fund cost and no additional staff years.

The Borrower will be responsible for the payment of all present and future costs in connection with the issuance of the financing related to the Project. The County will incur no obligation of indebtedness as a result of today's actions.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Chief Financial Officer, Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

BACKGROUND

California Municipal Finance Authority ("CMFA" or "Authority")

The CMFA provides tax-exempt financing for qualified projects located throughout the State of California. The Authority's mission is to support economic development, job creation, and social

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programs throughout the State. By assisting nonprofit corporations with various tax-exempt financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

Ascent 613 (“Borrower”)

Ascent 613 (“Ascent”) was established on December 19, 2023, as a California nonprofit public benefit corporation. Ascent was formed exclusively for charitable and educational purposes, as set forth in Article II of Ascent’s Articles of Incorporation.

Ascent carries on and promotes activities related to supporting educational institutions including acquisition, development, ownership, rental, and maintenance of dormitory apartment housing. Ascent anticipates acquiring a 192 unit apartment complex located at 10785 Pomerado Road, San Diego, California 92131 (the “Dormitory”) to generally, absent an exception otherwise, provide housing to students and their families one or more of whom are enrolled at the Campus of Life, Inc., a California nonprofit religious corporation (“COL”) and to families with children who are students attending the Chabad Hebrew Academy (“CHA”), a pre-kindergarten through eighth grade day school owned and operated by Friends of Chabad Lubavitch San Diego, a California nonprofit religious corporation (the “Sponsor”).

The Sponsor and the community leaders joined to fund and begin the development and construction of the Dormitory housing adjacent to COL and CHA, and Ascent intends to raise the capital necessary to support acquiring the Dormitory (the “Transaction”) through the use of tax-exempt bond financing to purchase, own, and operate the Dormitory. The Dormitory is a 192-unit apartment community.

Project

Ascent 613 is a 192-unit student housing community in the Scripps Ranch neighborhood of San Diego. The property is located at 10785 Pomerado Rd, San Diego, CA 92131. The site is located in Scripps Ranch, just south of Pomerado Road adjacent to the campus of Chabad San Diego, a private primary school. The first 88 units (flats) were completed in the 4th Quarter of calendar year 2018 and the second phase of 104 units (townhomes) are nearing completion.

Ascent 613 seeks to cater to the wholistic, wellness-oriented tenant with the facility serving as a community center and offering classes, activities and programs for the benefit of its residents known as the Campus of Life. As a requirement for residency in the community, the tenants are offered a variety of courses that residents can choose from and must enroll in at no additional cost. Course curriculum consists of a wide range of classes including theology, yoga, music, art, diet, etc.

Ascent features a quality focused urban/suburban design with each apartment building being elevator served with ground floor garages (2-car for each 2-bedroom unit and 1-car for each 1-

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bedroom unit) and 4 units per floor on the 3 residential floors above. The units feature large balconies, and interior finishes include granite counter tops, stainless steel appliances, attractive contemporary cabinetry, large walk-in closets and roman style bathtubs. Each apartment is a corner unit with dual masters for all 2-bedroom 2 bath units.

County Involvement

Section 147(f) of the Internal Revenue Code requires that an applicable elected body, with respect to the Project, hold a public hearing and approve the issuance and delivery of the Revenue Obligations. The Board of Supervisors of the County of San Diego, as an applicable elected body, is requested to (1) hold a public hearing at which all those interested in speaking with respect to the financing of the Project can be heard and (2) approve the issuance of Revenue Obligations. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Revenue Obligations in an amount not to exceed amount of \$95,000,000.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Operational Excellence Strategic Initiative in the County of San Diego's 2024-2029 Strategic Plan by supporting and allowing the issuance of revenue bonds by CMFA for Ascent 613 to finance or refinance the acquisition, rehabilitation, future improvement and equipping of an approximately 192-unit dormitory housing project and related facilities located at or adjacent to 10785 Pomerado Road, San Diego, California.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

1. RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING THE ISSUANCE OF CALIFORNIA MUNICIPAL FINANCE AUTHORITY REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$95,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, REHABILITATION, IMPROVEMENT AND EQUIPPING OF A DORMITORY HOUSING PROJECT
2. NOTICE OF PUBLIC HEARING
3. PROJECT APPLICATION FOR BONDS