

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

<b>(1) DEPARTMENT</b> Administrative Office	<b>(2) MEETING DATE</b> 1/24/2012	<b>(3) CONTACT/PHONE</b> Emily Jackson 781-5011	
<b>(4) SUBJECT</b> Request to adopt resolutions to approve an Associate Membership Agreement with the California Enterprise Development Authority and approve the issuance of tax-exempt bonds by the California Enterprise Development Authority (CEDA) in an amount not to exceed \$4,000,000 for Atascadero Christian Home.			
<b>(5) RECOMMENDED ACTION</b> It is recommended that your Board: <ol style="list-style-type: none"> <li>1. Adopt a resolution approving an Associate Membership Agreement between the California Enterprise Development Authority (CEDA) and the County of San Luis Obispo, California;</li> <li>2. Conduct a Public Hearing with respect to issuance by CEDA of not to exceed \$4,000,000 of CEDA Refunding Obligations (the "Obligations") for the benefit of Atascadero Christian Home, a nonprofit corporation (the "Borrower"); and</li> <li>3. Adopt a resolution approving the issuance by CEDA of the Obligations for the benefit of the Borrower.</li> </ol>			
<b>(6) FUNDING SOURCE(S)</b> n/a	<b>(7) CURRENT YEAR FINANCIAL IMPACT</b> \$0.00	<b>(8) ANNUAL FINANCIAL IMPACT</b> \$0.00	<b>(9) BUDGETED?</b> n/a
<b>(10) AGENDA PLACEMENT</b> <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. <u>20 min.</u> ) <input type="checkbox"/> Board Business (Time Est. <u>      </u> )			
<b>(11) EXECUTED DOCUMENTS</b> <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		<b>(12) BUDGET ADJUSTMENT REQUIRED?</b> BAR ID Number: n/a <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
<b>(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)</b> n/a		<b>(14) W-9</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
<b>(15) LOCATION MAP</b> N/A	<b>(16) BUSINESS IMPACT STATEMENT?</b> No	<b>(17) AGENDA ITEM HISTORY</b> <input checked="" type="checkbox"/> N/A Date _____	
<b>(18) ADMINISTRATIVE OFFICE REVIEW</b> Dan Buckshi			
<b>(19) SUPERVISOR DISTRICT(S)</b> - District 5 -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Emily Jackson  
781-5011

DATE: 1/24/2012

SUBJECT: Request to adopt resolutions to approve an Associate Membership Agreement with the California Enterprise Development Authority and approve the issuance of tax-exempt bonds by the California Enterprise Development Authority (CEDA) in an amount not to exceed \$4,000,000 for Atascadero Christian Home.

## **RECOMMENDATION**

It is recommended that your Board:

1. Adopt a resolution approving an Associate Membership Agreement between the California Enterprise Development Authority (CEDA) and the County of San Luis Obispo, California;
2. Conduct a Public Hearing with respect to issuance by CEDA of not to exceed \$4,000,000 of CEDA Refunding Obligations (the "Obligations") for the benefit of Atascadero Christian Home, a nonprofit corporation (the "Borrower"); and
3. Adopt a resolution approving the issuance by CEDA of the Obligations for the benefit of the Borrower.

## **DISCUSSION**

Issue # 1: Approval of the issuance of tax-exempt bonds by the California Enterprise Development Authority (CEDA) in an amount not to exceed \$4,000,000 for Atascadero Christian Home

The County is being asked to adopt a resolution approving of the issuance of tax-exempt bonds by the California Enterprise Development Authority (CEDA) for the financing of capital improvements for the Atascadero Christian Home ("The Borrower"). Such approval is required for compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986 which requires public approval for private activity bonds. In order for CEDA to issue tax-exempt bonds, the County must (1) conduct a public hearing allowing members of the public to comment on the proposed project, and (2) approve of CEDA's issuance of bonds on behalf of the Atascadero Christian Home. If the Board of Supervisors does not approve the project, CEDA cannot issue bonds or other obligations.

The Borrower is a California nonprofit corporation. The Borrower owns the Facilities which are an independent and assisted living facility located at 8455 Santa Rosa Road, Atascadero, California 93422, and a skilled nursing facility located at 14900 El Camino Real, Atascadero, California 93422. The independent and assisted living facility consists of duplex, triplex, two one bedroom cottages with one bathroom, 11 two bedroom cottages with two bathrooms and 55 studio apartments. The skilled nursing facility consists of 29 rooms and 60 beds.

The majority of the requested financing will be used to refinance existing higher rate bank debt. The remaining money will be used to cover the transaction fees associated with the financing, with a minimal amount left over for small capital expenditures on the property. The goal of the refinancing is to reduce the Atascadero Christian Home's costs in an effort to free up more money for operations.

## Issue # 2: Approval of the County's Associate Membership with the California Enterprise Development Authority (CEDA)

In order for the Borrower and CEDA to complete the Financing, the County is required to join CEDA as an associate member. Once a member, other for-profit and nonprofit corporations with projects in the County may utilize CEDA's services as well.

CEDA is a joint powers authority (JPA) established by the California Association for Local Economic Development (CALED) whose purpose is to issue tax-exempt and taxable conduit revenue bonds to fund commercial and industrial development projects within member jurisdictions. Federal and state laws provide the ability for cities and counties to join together under cooperative agreements to form joint powers authorities to issue tax-exempt and taxable bonds to fund projects that provide a public benefit and serve the needs of residents within the jurisdictions of the participating members. All cities and counties in California have the ability to act as an issuer of conduit revenue bonds, but many jurisdictions utilize joint powers authorities primarily for economies of scale, to access specialized transaction knowledge and resources, and to avoid using valuable local staff time on these types of transactions.

CEDA is a joint powers authority created by the cities of Selma, Lancaster and Eureka. There are 40 cities and counties who are associate members of CEDA, including the counties of Alameda, Contra Costa, Imperial, Marin, Merced, Placer, Riverside, Sacramento, San Bernardino, Santa Clara, San Diego, Stanislaus, Sonoma and Yolo, and many cities including Anaheim, City of Industry Duarte, Irwindale, Orange, Oxnard, Pasadena and Riverside. CEDA's activities are dedicated to providing economic development assistance to member jurisdictions as an extension of the economic development assistance provided by CALED to its members.

The JPA Agreement permits any other local agency in California to join CEDA as an "Associate Member." CEDA has requested that the County become an Associate Member of CEDA. Associate membership in CEDA will assist the County as well as for-profit and nonprofit organizations located within the County in financing industrial and commercial development projects and other public purpose projects within the County. CEDA's Associate Members enjoy nearly all the benefits of regular membership without the associated duties or obligations. Associate Members have ample opportunity to provide input on proposed or existing programs. Further, Associate Members are not restricted or inhibited in any way with respect to their independent ability to finance any project in any manner they deem appropriate, which may or may not involve or include CEDA.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

CEDA has contributed to this process and staff report. County Counsel has reviewed and approved the membership agreement and resolutions as to legal form and effect.

### **FINANCIAL CONSIDERATIONS**

There is no direct or indirect financial impact to the County of San Luis Obspo as a result of this proposed financing. The Obligations are a special, limited obligation of CEDA payable solely through the Borrower's repayment of the loan from CEDA which repayment is used to pay the principal of and interest on the Obligations. Neither the faith or credit, nor the taxing power of the County, any member of CEDA, the State or any political subdivision is pledged to the repayment of the Obligations.

### **RESULTS**

The adoption of the Resolutions joining CEDA and approving the issuance of the Obligations complies with the requirements of Section 147(f) of the Internal Revenue Code of 1986 and Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code. The County does not bear any responsibility for the tax-exempt status of the Obligations, the debt service on the Obligations or any other matter related to the Obligations. Approval of the Associate Membership Agreement will allow CEDA to assist the County as well as for-profit and nonprofit organizations located within the County in financing industrial and commercial development projects and other public purpose projects within the County.

## **ATTACHMENTS**

1. Resolution to approve Associate Membership Agreement between the County of San Luis Obispo and the California Enterprise Development Authority
2. Associate Membership Agreement between the County of San Luis Obispo and the California Enterprise Development Authority
3. Resolution to approve the issuance of the Obligations by the California Enterprise Development Authority for the benefit of Atascadero Christian Home, a nonprofit corporation