



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

(1) DEPARTMENT Administrative Office		(2) MEETING DATE 3/21/2017		(3) CONTACT/PHONE Emily Jackson, Division Manager 781-5011	
(4) SUBJECT Hearing to consider a resolution approving the issuance of tax-exempt bonds by the California Enterprise Development Authority (CEDA) in an amount not to exceed \$4,200,000 for Family Care Network. District 3.					
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> <li>1. Conduct a Public Hearing regarding the issuance of tax exempt financing in an amount not to exceed \$4,200,000 for the benefit of Family Care Network, a nonprofit public benefit corporation (the "Borrower"), to finance and refinance capital facilities at 1255 Kendall Road, San Luis Obispo, California 93401 and 875 Longbranch Avenue, Grover Beach, California 93433; and</li> <li>2. Adopt a resolution approving the issuance of tax-exempt conduit bonds in an amount not to exceed \$4,200,000 by the California Enterprise Development Authority for the benefit of the Borrower.</li> </ol>					
(6) FUNDING SOURCE(S) N/A		(7) CURRENT YEAR FINANCIAL IMPACT \$0.00		(8) ANNUAL FINANCIAL IMPACT \$0.00	
(9) BUDGETED? N/A					
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>5 min</u> ) <input type="checkbox"/> Board Business (Time Est. _____)					
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Guy Savage					
(18) SUPERVISOR DISTRICT(S) District 3					



## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Emily Jackson, Division Manager

DATE: 3/21/2017

SUBJECT: Hearing to consider a resolution approving the issuance of tax-exempt bonds by the California Enterprise Development Authority (CEDA) in an amount not to exceed \$4,200,000 for Family Care Network. District 3.

### **RECOMMENDATION**

It is recommended that the Board:

1. Conduct a Public Hearing regarding the issuance of tax-exempt financing in an amount not to exceed \$4,200,000 for the benefit of Family Care Network, a nonprofit public benefit corporation (the "Borrower"), to finance and refinance capital facilities at 1255 Kendall Road, San Luis Obispo, California 93401 and 875 Longbranch Avenue, Grover Beach, California 93433; and
2. Adopt a resolution approving the issuance of tax-exempt conduit bonds in an amount not to exceed \$4,200,000 by the California Enterprise Development Authority for the benefit of the Borrower.

### **DISCUSSION**

The Board of Supervisors 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 Family Care Network. 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 Family Care Network. If the Board of Supervisors does not approve the project, CEDA cannot issue bonds or other obligations.

The County of San Luis Obispo is an associate member of CEDA, a joint powers authority 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.

Family Care Network (the "Borrower") is a private, nonprofit children and families services provider established in 1987 with the sole purpose of creating family-based treatment programs as an alternative to group home or institutional care for children and youth. The Borrower serves foster and high-needs children, youth and families on the Central Coast. The Borrower is also a state-certified mental health provider, offering Specialty Mental Health services, including individual therapy, group therapy, family therapy, rehabilitation and crisis-intervention. The Borrower provides affordable, secure housing, combined with support services for homeless families or those at risk of homelessness, and current or former Transitional Age Foster Youth (ages 16 to 24) to help them become successfully self-sufficient.

CEDA will loan the proceeds of the bonds to the Borrower to:

(a) finance and refinance the cost of

(i) acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of two commercial buildings containing approximately 27,532 square feet and located at 1255 Kendall Road, San Luis Obispo, California 93401 and

(ii) acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of a six-unit residential apartment building located at 875 Longbranch Avenue, Grover Beach, California 93433 (collectively, the "Facilities"); and

(b) pay certain costs of issuance in connection with the financing.

The bonds will be payable solely from amounts received pursuant to the terms and provisions of the loan agreement to be executed by CEDA and the Borrower. The County will not be a party to the loan agreement or any other documents in connection with the issuance of the bonds. The bonds will not be secured by any form of taxation or by any bond of either the County or CEDA. The Bonds do not represent or constitute a general bond of either the County or CEDA.

### **About the California Enterprise Development Authority (CEDA)**

CEDA is a joint powers authority 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.

The Joint Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California and Internal Revenue Code Section 145 provide for the issuance of tax-exempt "private activity" bonds by a conduit governmental issuer on behalf of a 501(c)(3) corporation to finance facilities owned by such entity. For interest on such private activity bonds to be tax-exempt, Section 147(f) of the Code requires, among other things, the bonds and the facilities financed thereby must be approved by both the governmental unit which will issue the bonds (in this case, CEDA) and the governmental unit in which the bond-financed facilities are located (County of San Luis Obispo). Further, a public hearing, for which reasonable notice has been given, must be held. This hearing and process is referred to as TEFRA, after the Tax Equity and Fiscal Responsibility Act of 1982.

The assets to be financed and refinanced with the proceeds of the bonds are located within the jurisdiction of the County. Therefore, the County has been asked to conduct the public hearing, and to approve the bonds as the host governmental unit. CEDA has effectuated proper notice of the hearing via publication at least 14 days in advance.

The bonds will be payable solely from amounts received pursuant to the terms and provisions of the loan agreement to be executed by CEDA and the Borrower. The County will not be a party to the loan agreement or any

other documents in connection with the issuance of the bonds. The bonds will not be secured by any form of taxation or by any bond of either the County or CEDA. The Bonds do not represent or constitute a general bond of either the County or CEDA.

**OTHER AGENCY INVOLVEMENT/IMPACT**

Family Care Network, working with the California Enterprise Development Authority, has requested the Board's approval of this tax-exempt financing in order to comply with Section 147(f) of the Internal Revenue Code of 1986. County Counsel has reviewed the resolution as to legal form and effect.

**FINANCIAL CONSIDERATIONS**

There is no direct or indirect financial impact to the County of San Luis Obispo as a result of this proposed financing. The obligations are a special, limited obligation of the California Enterprise Development Authority (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 resolution 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 tax-exempt financing will allow Family Care Network to finance capital improvements to facilities within the County.

**ATTACHMENTS**

1. Resolution to approve the issuance of the obligations by the California Enterprise Development Authority for the benefit of Family Care Network
2. Proof of Hearing Notice