

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of July 28, 2020

RESOLUTION NO. 20-68

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN ORDER TO FINANCE VARIOUS CAPITAL IMPROVEMENT PROJECTS

WHEREAS, the Humboldt County Public Property Leasing Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") with the authority to assist the County of Humboldt (the "County") in financing capital improvements; and

WHEREAS, the County now desires to enter into the lease transaction described herein in order to finance capital improvements to and furniture and equipment for various County buildings (collectively, the "Project"); and

WHEREAS, the plan to finance the Project pursuant to the lease transaction described herein has been presented to the County's Debt Advisory Committee (the "DAC") in accordance the Humboldt County Debt Management Policy dated June 27, 2017 (the "Debt Policy") and the DAC has reviewed the proposed lease transaction in accordance with the provisions of the Debt Policy and has recommended to the Board of Supervisors that it proceed with the approval of the lease transaction; and

WHEREAS, in accordance with Government Code Section 5852.1 the Board of Supervisors is required to obtain and disclose certain good faith estimated regarding the proposed financing from an underwriter or a financial advisor; and

WHEREAS, the County and the Corporation have retained the services of Raymond James and Associates, Inc. to act as the placement agent (the "Placement Agent") with respect to the lease transaction for the Project and the Placement Agent has provided to the County the good faith estimates required by Government Code Section 5852.1 which are attached hereto as Exhibit A; and

WHEREAS, to facilitate the financing of the Project, the County and the Corporation desire to enter into that certain Site Lease by and between the County and the Corporation (the "Site Lease") and that certain Lease Agreement by and between the County and the Corporation (the "Lease"), the forms of which have been presented to this Board of Supervisors at the meeting at which this Resolution has been adopted, pursuant to which Site Lease the Corporation will agree to lease from the County real property of the County described therein (the "Leased Premises"), and pursuant to which Lease the County will agree to lease

back the Leased Premises from the Corporation and to pay certain lease payments in connection therewith to the Corporation; and

WHEREAS, the Corporation and the Treasurer-Tax Collector of the County, acting on behalf of the Humboldt County Treasury Pool (the "Assignee") will enter into an Assignment Agreement by and between the Corporation and the Assignee (the "Assignment Agreement"), the form of which has been presented to this Board of Supervisors at the meeting at which this Resolution has been adopted, pursuant to which the Assignee will pay consideration in an amount sufficient to provide for the financing of the Project and payment of certain costs incurred by the County in connection with such financing; and

WHEREAS, the Board of Supervisors desires to consent to the assignment of the Corporation's right to receive such lease payments from the County to the Assignee pursuant to the terms of the Assignment Agreement; and

WHEREAS, the County, the Corporation and the Assignee have previously entered into a site lease, lease agreement and assignment agreement in 2016 (the "2016 Documents") in order to finance certain capital improvements for the County and the County now desires to record a Termination Agreement by and among the County, the Corporation and the Assignee (the "Termination Agreement") since the Site Lease, the Lease Agreement and Assignment Agreement will replace the financing that was to be provided by the 2016 Documents;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Board of Supervisors hereby:

1. Finds that each of the foregoing recitals is true and correct.
2. Approves the forms of the Site Lease, the Lease, the Assignment Agreement and the Termination Agreement presented at this meeting. Each of the Chair, Vice Chair and Clerk of the Board of Supervisors and the Chief Administrative Officer of the County or their designees (collectively, the "Authorized Officers"), acting alone, is hereby authorized for and in the name of the County to execute the Site Lease, the Lease and the Termination Agreement in substantially the forms hereby approved, with such additions thereto and changes therein as the Authorized Officer or Authorized Officers executing the same deem to be necessary, including, but not limited to, additions and changes thereto as are required by the Assignee as condition to its purchase of the rights of the Corporation under the Lease as described in the Assignment Agreement;

provided, however, that the terms of the Site Lease and the Lease as executed shall comply with the limitations set forth in Section 3 below. Approval of such changes shall be conclusively evidenced by the execution and delivery thereof by any one of the Authorized Officers. Each of the Authorized Officers is further authorized to execute, acknowledge and deliver any and all documents required to consummate the transactions contemplated by the Site Lease, the Lease, the Assignment Agreement and the Termination Agreement. In the event that the Assignee requires that real property in addition to or in substitution of the real property described in the Site Lease and the Lease be leased thereunder, any one of the Authorized Officers is authorized to select such property of the County to include as the Leased Premises.

3. Declares that the Lease Payments to be made by the County under the Lease shall not exceed \$3,435,000 in any year and hereby determines that the maximum annual Lease Payments due under the Lease in each year do not exceed the annual fair rental value of the Leased Premises. The foregoing determination is based on costs of the acquisition, construction and renovation of and improvements to the Leased Premises, the replacement cost of the Leased Premises, the essential nature of the Leased Premises to the County's operations, other obligations of the parties under this Lease Agreement (including but not limited to costs of maintenance, taxes and insurance) and the uses and purposes that are being served by the Leased Premises and the benefits therefrom that are and will continue to accrue to the County and the general public throughout the Term. The principal components of Base Rental Payments shall not exceed \$40,000,000. The DAC has determined and the Board of Supervisors now determines that the useful life of the Leased Premises extends beyond August 1, 2055, which is the maximum term of the Lease. The foregoing determination is based on the age and current condition of the Leased Premises, the essential nature of the Leased Premises to the County's operations as its only courthouse, and the improvements made to the Leased Premises since initial construction, including seismic, safety and mechanical system improvements.
4. Hereby consents to the assignment by the Corporation of certain of its rights under the Site Lease and the Lease, including the right to receive the Lease Payments thereunder, to the Assignee and hereby approves the form of the Assignment Agreement by and between the Corporation and the Assignee. The Board hereby determines that

the consideration to be paid by the Assignee pursuant to the Assignment Agreement is fair consideration for the lease of the Leased Premises by the County to the Corporation.

5. Hereby authorizes each of the Authorized Officers and the other officers of the County, acting alone, to do any and all things and to execute and deliver any and all documents and agreements which they may deem necessary and advisable in order to consummate the financing of the Project and otherwise effectuate the purposes of this Resolution, including adding property to the Leased Premises, determining the capital improvements to be made as part of the Project and submitting draws to fund the Project in accordance with the Lease and substituting other County property for all or a portion of the Leased Premises from time to time in accordance with the provisions of the Lease. In the event the Chair and Vice Chair of the Board of Supervisors are unavailable or unable to execute and deliver any of the above referenced documents, any other member of the Board of Supervisors may validly execute and deliver such document. In the event that the Clerk of the Board of Supervisors is unavailable or unable to execute and deliver any of the above-referenced documents, any deputy clerk may validly execute and deliver such document.
6. All actions heretofore taken by any officer of the County with respect to the execution and delivery of the Site Lease and the Lease, and the financing of the Project, are hereby approved, confirmed and ratified.
7. This Resolution shall take effect from and after its date of adoption.

Dated: July 28, 2020



Estelle Fennell, Chair
Humboldt County Board of Supervisors

Adopted on motion by Supervisor Wilson, seconded by Supervisor Bass, and the following vote:

AYES: Supervisors Bohn, Bass, Wilson, Fennell, Madrone
NAYS: Supervisors --
ABSENT: Supervisors --
ABSTAIN: Supervisors --

STATE OF CALIFORNIA)
County of Humboldt)

I, KATHY HAYES, Clerk of the Board of Supervisors, County of Humboldt, State of California, do hereby certify the foregoing to be an original made in the above-entitled matter by said Board of Supervisors at a meeting held in Eureka, California.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said Board of Supervisors.



Ryan Sharp
Deputy Clerk of the Board of Supervisors of
the County of Humboldt, State of California

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Lease in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the County by the Placement Agent.

Principal Amount. The Placement Agent has informed the County that, based on the County's financing plan, its good faith estimate of the aggregate principal component of the lease payments to be sold is \$40,000,000 (the "Estimated Principal Amount"), together with original issue premium of \$0. Based on the Estimated Principal Amount, the following good faith estimates are provided:

- True Interest Cost of the Lease. The Placement Agent has informed the County that, assuming that the Estimated Principal Amount is sold in accordance with the drawdown schedule provided by the County and interest accrues at the Applicable Rate (as defined in the Lease) on each draw followed by the Long-Term Rate (as defined in the Lease), its good faith estimate of the true interest cost of the Lease, which means the rate necessary to discount the amounts payable on the respective lease payment dates to the purchase price to be paid by the Assignee, is 2.79%. This rate assumes an average Applicable Rate based on the County's projected drawdown of 1.25% until August 1, 2024 followed by a Long-Term Rate until final maturity of the Lease of 2.95%.
- Finance Charge of the Lease. The Placement Agent has informed the County that, assuming that the Estimated Principal Amount is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Lease, which means the sum of all fees and charges paid to third parties, is \$72,500, all of which is for costs of issuance to be paid from the initial draw made under the Lease.
- Amount of Proceeds to be Received. The Placement Agent has informed the County that, assuming that the Estimated Principal Amount is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the County from the Assignee, less the finance charge paid from proceeds drawn under the Lease, which amount is estimated to be \$72,500, and any reserves or capitalized interest to be paid or funded with proceeds drawn under the Lease, which amount is \$0, is \$39,927,500.
- Total Payment Amount. The Placement Agent has informed the County that, assuming that the Estimated Principal Amount is sold, and based on market

interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all lease payments the County will make pursuant to the Lease, plus the finance charge as described in (b) above not paid with the proceeds drawn under the Lease, calculated to the final maturity of the Lease, is \$82,056,706.72 (\$0 of which will be paid for from capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the lease payments purchased by the Assignee, the true interest cost related thereto, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Lease to the Assignee being different than the date assumed for purposes of such estimates, (b) the actual principal amount of draws made under the Lease being different from the Estimated Principal Amount, (c) the actual amortization of the lease payments under the Lease being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of draws made under the Lease and funded by the Assignee being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the County's financing plan, or a combination of such factors. The actual date of sale of the Lease to the Assignee and the actual principal amount drawn under the Lease will be determined by the County based on the timing of the need for proceeds of the Lease and other factors. The actual interest rates payable under the Lease will depend on the Applicable Rate (as defined in the Lease) at the time of each draw and the Long-Term Rate thereof. The actual amortization of the lease payments will also depend, in part, on market interest rates at the time of each draw made under the Lease. Market interest rates are affected by economic and other factors beyond the control of the County.