



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
D-21

For the meeting of: 06/21/16

Date: 05/20/16
To: Board of Supervisors
From: Humboldt County Treasurer-Tax Collector
Subject: 2016 Interim Financing Document Authorization to Finance Various Capital Improvement Projects

RECOMMENDATIONS:

That the Board of Supervisors:

1. Adopt Resolution # 110-74 (Attachment 1) authorizing the execution and delivery of certain documents and authorizing certain actions in order to finance various capital improvement projects.
2. Approve the Site Lease (Attachment 2) by and between the County of Humboldt and the Humboldt County Public Property Leasing Corporation (HCPPLC) dated July 1, 2016 relating to various capital improvement projects; and authorize the County Administrative Officer (CAO) or her designee to execute the agreement substantially in the form presented.
3. Approve the Lease Agreement (Attachment 3) by and between the HCPPLC and the County of Humboldt dated July 1, 2016 relating to various capital improvement projects; and authorize the CAO or her designee to execute the agreement substantially in the form presented.
4. Approve the Assignment and Purchase Agreement (Attachment 4) by and between the HCPPLC and the Treasurer-Tax Collector (T-TC) of the County of Humboldt dated July 1, 2016; and authorize the T-TC or his designee to execute the agreement acting on behalf of the Humboldt

Prepared by John Bartholomew *J/B*

CAO Approval Cheryl Dillingham

REVIEW: Auditor MBM County Counsel aw Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor Sundberg Seconded by Supervisor Fennell
Ayes Sundberg, Fennell, Lovelace, Bohm, Bass
Nays _____
Abstain _____
Absent _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: June 21, 2016
By: John Sturtwell

1 Kathy Hayes, Clerk of the Board

County Treasury Pool substantially in the form presented.

5. Direct the Auditor-Controller to establish fund 3467-2016 Interim Financing fund for tracking and reconciliation of all transactions associated with financing of said projects.

SOURCE OF FUNDING: County treasury pool for interim financing. General fund for payment of debt service obligations.

DISCUSSION: The recommendations above are for the approval and execution of the required legal documentation related to the financing of the capital improvement projects as presented in agenda item D-15 approved by your Board on April 19, 2016 (Attachment 5).

The adoption of the Resolution and the execution of the Site Lease, Lease Agreement, and Assignment and Purchase Agreement, are requested in-order to provide the legal framework necessary for the county to use the treasury pool for interim funding of planned capital improvement projects. Your Board's authorization will allow the HCPPLC, a California nonprofit public benefit corporation that the County has utilized to facilitate prior financings, to be the lessor of the Phase I of the Jail for the term of the financing with the county leasing back that property from the HCPPLC. The rent payments paid by the county to the corporation under this arrangement will serve as the basis for the interim financing.

All of the aforementioned documents are needed to ensure compliance with state and federal requirements for this type of financing; and the lease financing agreements will be in force until all lease payment obligations associated with this financing are paid in full and the county treasury pool is repaid.

The 'Lease Agreement by and between the HCPPLC and the County of Humboldt' (Attachment 3) specifies all facets of the lease agreement, and includes exhibits to be used for recording and tracking the draws which will be purchased by the county treasury pool for financing the various capital improvement projects.

The 'Assignment and Purchase Agreement by and between the HCPPLC and the Treasurer-Tax Collector of the County of Humboldt' (Attachment 4) authorizes the Treasurer-Tax Collector, as "assignee", to act on behalf of the county treasury pool and to purchase the lease payments as investments for the pool. The lease payments are the sum of the draws from the county treasury pool to fund the capital improvements plus the interest accruing with respect to each draw. These draws from the treasury pool will accrue interest above prevailing pool apportionment rates thereby making their purchase of benefit to all pool participants. Exhibit C in the 'Lease Agreement' (Attachment 3) shows the intended .50% spread over comparable market securities which, for the entirety of the agreement will provide solid investment returns for the pool; and from the treasury pool's perspective the purchase of these draws are prudent investments and are permissible per the county investment policy.

To reconcile costs associated with all draws from the treasury pool an invoice (Attachment 6) will be used to cause money to be moved to pay lease payments due and as an internal mechanism for tracking and auditing purposes.

This action supports your Board's strategic framework by managing and leveraging county financial resources in a cost effective manner, and by looking forward to provide better service to county residents in campus style public facilities where related services are available at one location.

FINANCIAL IMPACT: By adopting the Resolution and approving the Site Lease, Lease Agreement, and the Assignment and Purchase Agreement the county will be authorizing a very cost effective mechanism for the interim financing through the county investment pool for the various capital improvement projects previously presented to the Board on April 19, 2016 and as described herein. This financing arrangement will save the county money by allowing the county to draw money as-needed from the county investment pool while the county plans, engineers, and constructs the capital projects to be financed. This method of as-needed financing will save interest costs compared to borrowing all money needed for the entirety of the projects up front and being required to pay interest on that borrowed money even though it would only be needed in stages as the projects are implemented. Further, this arrangement will minimize the costs of issuance associated with the borrowing. It is anticipated that when all of the capital projects have been completed (currently expected to be in late 2019), the county will refinance the interim financing with long-term Certificates of Participation or Lease Revenue Bonds.

OTHER AGENCY INVOLVEMENT: The HCPPLC will meet to review and approve documents. The HCPPLC is presently a party to the 2012 Refunding, as well as numerous other financings and refundings for the county.

ALTERNATIVES TO STAFF RECOMMENDATIONS: Your Board could choose not to approve and authorize execution of these documents but this is not recommended because it will stop the interim financing and thereby stop the planning processes needed for the various capital improvement projects.

ATTACHMENTS:

1. Resolution # 16-74 A resolution authorizing the Execution and delivery of certain documents and authorizing certain actions in order to finance various capital improvement projects
2. Site Lease by and between County of Humboldt and the HCPPLC relating to various capital improvement projects.
3. Lease Agreement by and between the HCPPLC and County of Humboldt
4. Assignment and Purchase Agreement by and between the HCPPLC and the Treasurer-Tax Collector of the County of Humboldt
5. Agenda item D-15 approved by your Board on April 19, 2016.
6. Invoice for Accrued Interest Component for 2016 Interim Financing on Behalf of Humboldt County Treasury Pool

ATTACHMENT 1

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of June 21, 2016

RESOLUTION NO. 16-74

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 various County buildings (collectively, the "Project"); 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.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Board of Supervisors hereby:

1. Each of the foregoing recitals is true and correct.
2. The forms of the Site Lease, the Lease and the Assignment Agreement presented at this meeting are hereby approved. 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 and the Lease 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,

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acknowledge and deliver any and all documents required to consummate the transactions contemplated by the Site Lease, the Lease and the Assignment 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. The Lease Payments to be made by the County under the Lease shall not exceed \$ 1,478,000 in any year and the Board hereby determines that the 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 an appraised value of the Leased Premises, the costs of construction of the Leased Premises, the uses and purposes served by the Leased Premises and the benefits that the Leased Premises provide for the County and the general public. The principal components of Base Rental Payments shall not exceed \$18,000,000.
4. The County 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. Each of the Authorized Officers and the other officers of the County, acting alone, is hereby authorized 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. 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: June 21, 2016


MARK LOVELACE, Chair
Humboldt County Board of Supervisors

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

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Adopted on motion by Supervisor Sundberg, seconded by Supervisor Fennell, and the following vote:

AYES:	Supervisors	Sundberg, Fennell, Lovelace, Bohn, Bass
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.


By ANA HARTWELL
Deputy Clerk of the Board of Supervisors of the
County of Humboldt, State of California