



# COUNTY OF HUMBOLDT

For the meeting of: 8/17/2021

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File #: 21-1104

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**To:** Board of Supervisors

**From:** County Administrative Office

**Agenda Section:** Public Hearing

**SUBJECT:**

Public Hearing under the Tax and Equity Fiscal Responsibility Act (TEFRA) for Conduit Financing for the Open Door Community Health Centers Project

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Open the public hearing;
2. Receive a staff report;
3. Receive comments from the public;
4. Close the public hearing;
5. Adopt the attached resolution approving the issuance of bonds by the California Municipal Finance Authority (CMFA) for the benefit of Open Door Community Health Centers (Open Door), to provide for the financing of the project, and authorizing the Chair of the Board to execute the Joint Exercise of Powers Agreement relating to CMFA.

**SOURCE OF FUNDING:**

N/A

**DISCUSSION:**

Open Door Community Health Centers requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$35 million of tax-exempt revenue bonds. The proceeds of the Bonds will be used for the purpose of making a loan to the Borrower to enable the Borrower to:

- (a) finance the construction costs of a new 34,000-square foot, two-story replacement community health center to be located at 1150 Foster Street, Arcata, California,
- (b) refinance a loan from the United States Department of Agriculture, made in 2018, to finance a community health center located at 3750 Rohnerville Rd, Fortuna, CA 95540, and
- (c) refinance a New Market Tax Credit Note issued in 2014 to finance a community health center

located at 2200 Tydd Street and 2189 Tydd Street Eureka, California.

In order for all or a portion of the bonds to qualify as tax-exempt bonds, the County of Humboldt must conduct a public hearing (the “TEFRA Hearing”) providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the project.

A TEFRA hearing was held and a resolution unanimously approved for this item on Jun. 23, 2020. However, TEFRA is only valid for 1 year. The closing of this financing was delayed and was not able to close within the year that the TEFRA was valid. Therefore, it is being brought back before your Board for approval at today’s meeting.

### **CALIFORNIA MUNICIPAL FINANCE AUTHORITY:**

The CMFA was created on Jan. 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 300 municipalities have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA’s representatives and its Board of Directors have considerable experience in bond financings.

### **FINANCIAL IMPACT:**

The bonds to be issued by the CMFA for the project will be the sole responsibility of the borrower (Open Door), and the county will have no financial, legal, moral obligation, liability or responsibility for the project or the repayment of the bonds for the financing of the project. All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the county or the State of California but are to be paid for solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the “Foundation”), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to Humboldt County, it is expected that that a portion of the issuance fee attributable to the county will be granted by the CMFA to the General Fund of the county. Such grant may be used for any lawful purpose of the county.

### **STRATEGIC FRAMEWORK:**

This action supports your Board’s Strategic Framework by creating opportunities for improved safety and health

### **OTHER AGENCY INVOLVEMENT:**

CMFA, Open Door

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to adopt the resolution approving the issuance of bonds for the benefit of Open Door financing a construction project. However, this is not recommended as adopting the resolution supports quality health care and supports vulnerable populations.

ATTACHMENTS:

1 - Resolution

PREVIOUS ACTION/REFERRAL:

Board Order No.: [Click or tap here to enter text.](#)

Meeting of: June 23, 2020

File No.: 20-761