## COUNTY OF MARIN OFFICE OF THE ADMINISTRATOR

3501 CIVIC CENTER DRIVE, SUITE 325, SAN RAFAEL, CA 94903

415/499-6358 - FAX 415/507-4104

Matthew H. Hymel County Administrator

Mona Miyasato Chief Assistant County Administrator

June 15, 2010

Board of Supervisors County of Marin San Rafael, CA 94903

**Subject:** Approve County joining as an Associate Member of the California Enterprise Development Authority: Consent to hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing on June 15, 2010 regarding issuance of up to \$5,500,000 in California Enterprise Development Authority Revenue Obligations (the "Obligations") for the benefit of MCF Property Holdings, Inc., a California nonprofit public benefit corporation, and/or related entity (the "Borrower") to refinance the cost of the acquisition, rehabilitation, equipping and furnishing of the real property and improvements located at (a) 30 North San Pedro Road, San Rafael, California 94903, and (b) 555 Northgate Drive, San Rafael, California 94903 (collectively, the "Facilities").

## Dear Board Members:

**Recommendations:** It is recommended that your Board:

- 1. Adopt the attached resolution authorizing the execution and delivery of an Associate Membership Agreement between the County of Marin and the California Enterprise Development Authority;
- 2. Conduct the public hearing with respect to the approval of the issuance of the Obligations by the California Enterprise Development Authority; and
- 3. Adopt the attached resolution approving the issuance of the Obligations by the California Enterprise Development Authority for the benefit of MCF Property Holdings, Inc. for the Facilities.

Background: The Board of Supervisors is being asked to adopt a resolution which would approve the County joining the California Enterprise Development Authority ("CEDA") as an Associate Member, hold a TEFRA hearing, and approve the issuance of CEDA Revenue Obligations to refinance the cost of the acquisition, rehabilitation, equipping and furnishing of the real property and improvements located at (a) 30 North San Pedro Road, San Rafael, California 94903, and (b) 555 Northgate Drive, San Rafael, California 94903 (collectively, the "Facilities"). The purpose of the resolution is to allow the financing to meet a requirement of the Internal Revenue Code of 1986. 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

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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 an additional 28 cities and counties who are associate members of CEDA, including the counties of Alameda, Riverside, Sacramento, San Bernardino, San Diego, Stanislaus, Sonoma, Yolo and Imperial. CEDA's activities are dedicated to providing economic development assistance to member jurisdictions as an extension of the economic development assistance provided by the CALED to its members.

The JPA Agreement permits any local agency in California to join CEDA as an "Associate Member." CEDA's Board of Directors has requested that the County of Marin 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 concomitant 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.

In addition, federal law requires a public hearing before the Board of Supervisors prior to any bond issuance by CEDA for projects under the County's jurisdiction. If the Board of Supervisors does not approve the project, CEDA cannot issue bonds.

The Borrower was founded in 1997 by Marin Community Foundation (MCF) as a supporting organization of MCF and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of MCF. MCF is a public charity community foundation organized to encourage philanthropy in Marin County and to make charitable grants and carry out charitable programs primarily in Marin County. The Borrower has purchased three office buildings for the benefit of nonprofit organizations and agencies in Marin County that serve clients in the areas of children and families, social justice and youth.

CEDA will loan the proceeds of the Obligations to the Borrower to refinance the cost of the acquisition, construction, rehabilitation, equipping and furnishing of the real property and improvements located at (a) 30 North San Pedro Road, San Rafael, California 94903, and (b) 555 Northgate Drive, San Rafael, California 94903 (collectively, the "Facilities") and pay certain costs of issuance in connection with the financing. Because the Facilities are located within the County's jurisdiction and interest on the Obligations will be tax-exempt, a public hearing and the approval of the Obligations by the Board of Supervisors is required by the Internal Revenue Code of 1986.

As announced in the published notice, this hearing is simply an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the debt and the nature or location of the Project. There is no obligation on the part of the Board of Supervisors to respond to any specific comments made or submitted.

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The County would not be a party to the financing documents. As set forth in Section 4 of the Associate Membership Agreement of CEDA, the debt would not be secured by any form of taxation, or by any obligation of the County. Neither would the debt represent or constitute a general obligation of the County. Pursuant to the governing California statutes and the JPA Agreement, a member of CEDA is not responsible for the repayment of obligations incurred by CEDA. The Obligations are a special, limited obligation of CEDA payable solely through the Borrower's repayment of loan from CEDA which repayment is used to pay the principal of and interest on the Obligations. The Obligations issued by CEDA are not an obligation of the County or any member of CEDA.

**Fiscal Impact**: The County's membership in CEDA bears with it no cost or other financing obligation, but serves as a public acknowledgement by the host jurisdiction of the project financing. Neither the faith or credit, nor the taxing power of the County, any member of the Authority, the State or any political subdivision is pledged to the repayment of the Obligations. The County of Marin is in no way obligated on the debt.

Reviewed By:	[ ] Department of Finance	[X] Treasurer-Tax Collector
	[X] County Counsel	[ ] N/A
	[ ] Human Resources	[ ] N/A

Respectfully submitted,

Matthew H. Hypnel County Administrator

MHH/ds

cc: Patrick Faulkner, County Counsel

Michael Smith, Treasurer-Tax Collector