



SUMMARY REPORT

Agenda Date: 7/13/2021

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Economic Development Board
Staff Name and Phone Number: Ethan Brown (707) 565-7589
Vote Requirement: Majority
Supervisory District(s): First District

Title:

8:30 A.M. - Adoption of Resolution for the Front Porch Communities and Services Tax-Exempt Bond Financing

Recommended Action:

Conduct a public hearing and adopt a resolution to approve a tax-exempt bond financing in an amount not to exceed \$450,000,000 to be issued by the California Statewide Communities Development Authority to the benefit of Front Porch Communities and Services, a California nonprofit public benefit corporation. (First District)

Executive Summary:

This public hearing is being conducted to approve a resolution to authorize the California Statewide Communities Development Authority (the "CSCDA") to approve a tax-exempt bond financing in an amount not to exceed \$450,000,000 to be issued to the benefit of Front Porch Communities and Services, a California nonprofit public benefit corporation (the "Borrower").

The borrower, CSCDA will use the proceeds to finance and/or refinance [Front Porch Communities and Services](https://frontporch.net/) senior living facilities known as Spring Lake Village (proceeds not to exceed \$105,000,000) and Friends House (proceeds not to exceed \$5,000,000) (collectively, the "Project"), which are all owned and operated by Covia Communities, the sole corporate member of which is the Borrower (the "Project").

The hearing is an IRS requirement for any non-profit borrower seeking tax-exempt bonds through a conduit issuer, such as CSCDA. The hearing is held to allow members of the public to comment, contest, oppose, or support the use of tax-exempt bonds for a non-profit borrower that is providing a public benefit.

Discussion:

CSCDA is a joint powers authority sponsored by the League of California Cities ("CalCities") and the California State Association of Counties ("CSAC"). CSCDA was created by CalCities and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

CSCDA is comprised of more than 530 members, including the County of Sonoma. CSCDA has issued more than \$60 billion through 1,600 plus financings since 1988 and consistently ranks in the top 10 of more than

3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount. In order to initiate a financing, the member participant of the CSCDA in which the proposed facilities will be located must (i) conduct a public hearing and (ii) approve the CSCDA's issuance of indebtedness. Therefore, although CSCDA will be the issuer of the obligation for the Borrower, the financing cannot proceed without the County of Sonoma's approval of the financing.

Front Porch is a not-for-profit support system that serves more than 4,500 individuals and families through full-service retirement, active adult and affordable housing communities. Front Porch active adult and full-service retirement communities offer a full range of options from independent living to skilled care, including assisted living and memory care in unique settings. Front Porch holds an 'A' credit rating from FitchRatings and an 'A-' credit rating from Standard & Poor's.

The purpose of the public hearing is to satisfy Federal Internal Revenue Service requirement of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), that as a condition to issuing bonds, the approval of the elected governmental offices of the jurisdiction where the facilities are located be obtained following a public hearing. The hearing allows the public an opportunity to review and make comments regarding the proposed tax-exempt financing for the Project. (LS Comment: Please note that the notice of public hearing was published as required by federal law.)

The Board has conducted similar hearings for entities in Sonoma County, with the most recent being for Republic Services in May of 2021.

The Board's approval of the financing does not in any way pledge the credit or revenues of the County to the financing. County Counsel and Orrick, Herrington & Sutcliffe (counsel to CSCDA) reviewed the resolution and agree that it does not pledge County credit or revenues.

Related Documents prepared by Mayling Leong at Orrick, Herrington & Sutcliffe.

Prior Board Actions:

None.

FISCAL SUMMARY

| Expenditures | FY 21-22 Adopted | FY22-23 Projected | FY 23-24 Projected |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses | | | |
| Additional Appropriation Requested | | | |
| Total Expenditures | | | |
| Funding Sources | | | |
| General Fund/WA GF | | | |
| State/Federal | | | |
| Fees/Other | | | |
| Use of Fund Balance | | | |
| Contingencies | | | |

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| Total Sources | | | |
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Narrative Explanation of Fiscal Impacts:

None

| Staffing Impacts: | | | |
|--|--|-------------------------------|-------------------------------|
| Position Title (Payroll Classification) | Monthly Salary Range (A-I Step) | Additions (Number) | Deletions (Number) |
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Narrative Explanation of Staffing Impacts (If Required):

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Attachments:

Resolution of the Board of Supervisors

Related Items "On File" with the Clerk of the Board:

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