



Legislation Text

File #: 2022-0522, **Version:** 1

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Economic Development Board
Staff Name and Phone Number: Lauren Cartwright 707-565-7298
Vote Requirement: Majority
Supervisory District(s): First

Title:

8:45 A.M. - Adoption of Resolution for the Progress Foundation 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 \$7,500,000 to be issued by the California Enterprise Development Authority to the benefit of the Progress Foundation, a California nonprofit public benefit corporation. (First District)

Executive Summary:

This public hearing is being conducted to approve a resolution to authorize the California Enterprise Development Authority (the "Authority" or "CEDA") to approve a tax-exempt bond financing in an amount not to exceed \$7,500,000 to be issued to the benefit of the [Progress Foundation](https://www.progressfoundation.org) [<https://www.progressfoundation.org> <https://www.progressfoundation.org/>](https://www.progressfoundation.org/), a California nonprofit public benefit corporation (the "Borrower").

The Authority will loan the proceeds of the Obligations to the Borrower for the purpose of (a) (i) refinance outstanding indebtedness incurred by the Borrower, the proceeds of which were used to finance and refinance the cost of the acquisition, construction, installation, rehabilitation, equipping and furnishing of mental health treatment and rehabilitation facilities located in California at 3400 Montgomery Drive, Santa Rosa (approximately \$532,860) (the "Local Facility"), and at 50 Shrader Street, San Francisco (approximately \$894,370), 368 Fell Street, San Francisco (approximately \$383,150), 25 Beulah Street, San Francisco (approximately \$986,240), 212 Ashbury Street, San Francisco (approximately \$397,430), 2210 Clay Street, San Francisco (approximately \$1,090,580), 1443 7th Avenue, San Francisco (approximately \$49,815), 405 Baker Street, San Francisco (approximately \$1,120,770) and 50-54 Dore Street, San Francisco (approximately \$2,044,785) (collectively, the "Facilities"), and (ii) pay various transaction costs and related costs.

The primary treatment philosophy of Progress Foundation is described by the Principles of Social Rehabilitation, which emphasize the role of a home-like treatment environment, the importance of building honorable therapeutic relationships and the significance of encouraging the active participation of the client in their treatment planning.

The Department of Health Services (DHS) is currently under contract with Progress Foundation for FY 22-23 in the amount of \$2,580,888 to provide Crisis Residential Services for two Santa Rosa locations/programs - Progress Sonoma and Harstad House - and is in the process of renewing another contract with Progress

Foundation for FY 22-23 in the amount of \$1,047,355 to provide Adult Residential Treatment Services at their Parker Hill Place location in Santa Rosa. Both contracts will bill Medi-Cal and thus receive Federal Financial Participation (FFP) reimbursement. The Crisis Residential contract will utilize local Measure O funding and the Residential Treatment contract will utilize Realignment (State) funding.

The Facilities are and will be owned by the Borrower and operated by the Borrower in connection with its tax-exempt mission of providing community-based residential treatment and supported housing programs as alternatives to institutional treatment for individuals with mental disabilities and for the management and administration of such programs.

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.

Discussion:

CEDA is a joint exercise of 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.

There are approximately 200 cities and counties who are associate members of the Authority. The Authority's activities are dedicated to providing economic development assistance to member jurisdictions as an extension of the economic development assistance provided by CALED to its members. The County became an associate member of the Authority on March 20, 2007, pursuant to Resolution No. 07-0192. As an associate member of the Authority, the County is eligible to participate in the Authority's programs.

The Progress Foundation was founded in 1969 and currently operates 20 programs across San Francisco, Sonoma, and Napa Counties, serving more than 3,000 individuals annually. Programs support clients with major challenges, including alcohol and substance abuse, major health problems, and criminal-justice histories.

The Progress Foundation's service offerings are tailored for the specific needs of different populations, such as seniors, mothers reuniting with children, transitional-age youth, clients leaving long-term institutional confinement, clients experiencing acute crises and Spanish speakers. In addition, part of the Progress Foundation mission is to offer training and consultation to other mental-health agencies across the country and around the world that hope to provide more effective treatment opportunities for their clients.

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The Board has conducted similar hearings for entities in Sonoma County, with the most recent being for Front

Porch Communities in July 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 Kutak Rock LLP, special tax counsel with respect to the financing, reviewed the resolution and agree that it does not pledge County credit or revenues.

Strategic Plan:

N/A

Prior Board Actions:

7/13/2021 - Front Porch Communities and Services Tax-Exempt Bond Financing (Resolution No. 21-0288)

5/25/2021 - Republic Services, Inc. Tax-Exempt Bond Financing (Resolution No. 21-0229)

FISCAL SUMMARY

Expenditures	FY 22-23 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			
Total Sources			

Narrative Explanation of Fiscal Impacts:

None.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution of the Board of Supervisors

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

None.