COUNTY OF HUMBOLDT

For the meeting of: 7/23/2024

File #: 24-858

To: Board of Supervisors

From: Treasurer/Tax Collector

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:
2020 Amended Interim Period Lease Financing Program

RECOMMENDATION(S):
That the Board of Supervisors:

1. Adopt Resolution # ____ , authorizing the execution and delivery of certain documents authorizing certain actions in order to finance various capital improvement projects as described in items 2 through 6 below;
2. Authorize and sign the First Amendment to Assignment and Purchase Agreement by and between Humboldt County Public Property Leasing Corporation (HCPPLC) and Treasurer Tax Collector of the County of Humboldt;
3. Authorize and sign the First Amendment Lease Agreement by and between the HCPPLC as Lessor and County of Humboldt as Lessee adding Library and Fairground parcels as additional leased assets;
4. Authorize and sign the First Amendment to Site Lease (2020 Interim Lease Financing Program) by and between County of Humboldt as Lessor and HCPPLC as Lessee;
5. Authorize and sign the attached professional services agreement (PSA) for contractual services for Bond Counsel with the law firm of Stradling, Yocca, Carlson & Rauth (SYCR) to draft various legal documents with and for the county to facilitate a 2024 Interim Period Lease Financing (IPLF) Program (described below) to fund various future capital improvements and projects;
6. Authorize and sign the attached PSA for contractual services for Placement Agent services with Raymond James to facilitate the interim period lease financing draws within the 2024 IPLF program in the same or similar fashion as Raymond James has done previously for the 2020 and 2016 IPLF program; and for facilitating future draws for various future capital improvements and projects authorized within the 2020 Amended Interim Period Lease Financing program; and
7. Authorize the County Administrative Officer or designee to fund capital improvement projects in accordance with the 2020 Amended Finance Plan, on an as-needed basis, without further action of the Board.

STRATEGIC PLAN:
This action supports the following areas of your Board's Strategic Plan.

Area of Focus: A Diverse, Equitable & Robust Economy
Strategic Plan Category: 3002 - Invest in county facilities

DISCUSSION:
Your Board approved the 2016 IPLF on June 21, 2016 and the 2020 IPLF on June 2, 2020. Pursuant to the 2020 IPLF, associated Board Resolutions and the Lease Agreements by and between the Humboldt County Public Property Leasing Corporation and Humboldt County the draw period is set to expire August 1, 2024.

The item before your Board today is to extend the draw period of the 2020 IPLF program by three years and add additional collateral to increase borrowing capacity from $40 million to $60 million.

The addition of the county fairground parcel and county library as leased assets increases the county's borrowing capacity and will fund additional capital projects with leases and/or certificates of participation purchased by the County of Humboldt Treasurer's Pooled Investment Fund.

There is now a desire to update the projects listed in 2020 IPLF and to expand the list of projects for the 2020 Amended Finance Plan as indicated below:

Courthouse Improvement Projects	$1,073,753
ADA Curb Ramps	$1,066,885
Garberville Veterans Building	$6,672,718
Eureka Veterans Building Media Project	$1,073,037
New Building 1001 4th	$1,175,812
ADA Modifications Public Works Main	$640,000
Correctional Facility Roof Phase I and II	$1,200,000
Correctional Facility Alarm System	$400,000
ADA Veterans Building Projects	$17,928
Property Acquisitions	$3,802,056
	$17,122,189

The remaining $17,822,654.15 will be made available for unforeseen project expenses as approved by the County Administrative Office for initial steps needed to facilitate the Facilities Master Plan and improve county facilities. By adopting the attached resolution, these projects will become eligible to be refinanced on a tax-exempt basis with the Permanent Financing subject to the limitations discussed below.

Federal tax laws require that reimbursement for hard cost construction draws be made within 18 months of the date a project is placed in service and in no event may the reimbursement be made more than 36 months after the draw date. Therefore the 2020 IPF, must follow the three year-rule whereby project construction draws are refunded, or permanently funded through publicly issued debt, in order to utilize and maintain that tax-exempt status.

By adopting the Resolutions and approving the Site Lease Amendment, Lease Agreement, and the Assignment and Purchase Agreement the county will be authorizing a very cost-effective mechanism for interim period financing through the county Investment Pool for the various capital improvement projects 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 the capital projects have been completed the county will refinance the interim period lease financing with long-term Certificates of Participation or Lease Revenue Bonds.

SOURCE OF FUNDING:
Interim financing to be done through the Investment Pool as approved in the Investment Policy revision dated April 12, 2016. Long term financing will be through a public issuance of tax-exempt obligations once the projects have been completed or the interim financing period has ended.

FINANCIAL IMPACT:
The following fees for Bond Counsel and Placement Agent will be payable from proceeds of the Interim Financing:

Bond Counsel - the maximum amount payable by the county for services rendered, related to Interim Financing is $30,000.

Placement Agent - the maximum amount payable by the county for services rendered, and costs and expenses incurred, is $42,500.

The current 2020 IPLF has a balance of $25,055,206 with semiannual interest payments $331,402 due 8/1 and 2/1.

The 2020 Amended Interim Period Lease Financing Program is part of an investment of up to $60 million which will move the county Facilities Master Plan forward and improve county facilities. Your Board should be aware that this is the last round of interim financing and staff intends to return to your Board in the future to seek authorization to finance an amount up to the aforementioned $60 million to pay back the Pool with permanent financing of long-term Certificates of Participation or Lease Revenue bonds outside of the Treasury Pool. The new maximum annual lease payment amount allowed will be $4,417,040.

By signing the PSAs and Resolution the county shows a solid plan for financing much needed capital improvements that will enhance public services into the future. These plans show the proactive nature of your Board to follow the strategic framework you've established to serve the needs of the community.

OTHER AGENCY INVOLVEMENT:
The Humboldt County Public Property Leasing Corporation and Debt Advisory Committee have met and approved documents.

ALTERNATIVES TO STAFF RECOMMENDATIONS:
Your Board may decide to not authorize the proposed financing plan, lease amendments and extensions for the 2024 IPLF program. However, this alternative is not recommended as it would cease the county from using this very cost-effective financing plan to fund future projects and put a halt to many capital projects funded through the finance plan.

ATTACHMENTS:
1. Resolution # ____ authorizing the execution and delivery of certain documents authorizing certain actions as described in items 2 through 6 below in order to finance various capital improvement projects;
2. First Amendment to Assignment and Purchase Agreement by and between Humboldt County Public Property Leasing Corporation (HCPPLC) and Treasurer Tax Collector of The County of Humboldt;
3. First Amendment Lease Agreement by and between the HCPPLC as Lessor and County of Humboldt as Lessee adding Library and Fairground parcels as additional leased assets;
4. First Amendment to Site Lease (2020 Interim Lease Financing Program) by and between County of Humboldt as Lessor and HCPPLC as Lessee;
5. Professional Services Agreement (PSA) for contractual services for Bond Counsel with the law firm of Stradling, Yocca, Carlson & Rauth (SYCR) to draft various legal documents with and for the county to facilitate a 2024 Interim

Period Lease Financing (IPLF) Program

6. PSA for contractual services for Placement Agent services with Raymond James to facilitate the interim period lease financing draws within the 2024 IPLF

PREVIOUS ACTION/REFERRAL:
Meeting of: 6/21/2016, 10/22/2019, 6/2/2020
File No.: D-21, 19-1526, 20-560