



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legislation Details (With Board Report)

File #: RES 21-127 **Name:** TEFRA - CA Statewide Communities Development Authority
Type: BoS Resolution **Status:** Passed - County Administrative Office
File created: 7/6/2021 **In control:** Board of Supervisors
On agenda: 7/20/2021 **Final action:** 7/20/2021

Title: a. Conduct a public hearing under the requirements of the Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and
b. Adopt a resolution approving the issuance of California Statewide Communities Development Authority revenue bonds, in the aggregate principal amount not to exceed \$450,000,000 for the purpose of financing and/or refinancing the acquisition, construction, equipping, improvement, renovation, rehabilitation and/or remodeling of senior living and related facilities known as Canterbury Woods located generally at 651 Sinex Avenue, Pacific Grove, CA 93950.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Resolution, 3. Notice of Public Hearing and Proof of Publication, 4. Completed Board Order and Resolution Item No. 16

Date	Ver.	Action By	Action	Result
7/20/2021	1	Board of Supervisors	adopted - county administrative office	Pass

a. Conduct a public hearing under the requirements of the Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and
b. Adopt a resolution approving the issuance of California Statewide Communities Development Authority revenue bonds, in the aggregate principal amount not to exceed \$450,000,000 for the purpose of financing and/or refinancing the acquisition, construction, equipping, improvement, renovation, rehabilitation and/or remodeling of senior living and related facilities known as Canterbury Woods located generally at 651 Sinex Avenue, Pacific Grove, CA 93950.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Conduct a public hearing under the requirements of the Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and
b. Adopt a resolution approving the issuance of California Statewide Communities Development Authority revenue bonds, in the aggregate principal amount not to exceed \$450,000,000 for the purpose of financing and/or refinancing the acquisition, construction, equipping, improvement, renovation, rehabilitation and/or remodeling of senior living and related facilities known as Canterbury Woods located generally at 651 Sinex Avenue, Pacific Grove, CA 93950.

SUMMARY:

Front Porch Communities and Services (the “Borrower”), a California nonprofit public benefit corporation, requests that the California Statewide Communities Development Authority (the “Issuer”) provide for the issuance of one or more series of revenue bonds from time to time according to a plan of finance in an aggregate principal amount not to exceed \$450,000,000 (the “bonds”). The proceeds of the bonds will be used, among other things, to finance and/or refinance the acquisition, construction, equipping, improvement, renovation, rehabilitation and/or remodeling of senior living and related facilities known as Canterbury Woods,

located generally at 651 Sinex Avenue, Pacific Grove, CA 93950 (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 Issuer requests the Board of Supervisors approve the issuance of the bonds by the Issuer to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986 (the “Code”) and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of July 1, 1988 (the “Agreement”), among certain local agencies, including the County, and following the hearing, adopt a resolution approving the issuance of bonds by the Issuer. The County will have no obligation whatsoever for the payment or administration of these bonds.

DISCUSSION:

Front Porch Communities and Services (the “Borrower”) is a California nonprofit public benefit corporation. The Borrower requested that the California Statewide Communities Development Authority (the “Issuer”) provide for the issuance of one or more series of revenue bonds from time to time under a plan of finance in an aggregate principal amount not to exceed \$450.0 million (the “bonds”). The proceeds of the bonds will be used, among other things, to finance and/or refinance the acquisition, construction, equipping, improvement, renovation, rehabilitation and/or remodeling of senior living and related facilities known as Canterbury Woods, which are all owned and operated by Covia Communities, the sole corporate member of which is the Borrower. Canterbury Woods is located generally at 651 Sinex Avenue, Pacific Grove, CA 93950.

The Borrower and its affiliate, Covia Communities, own and operate market rate senior housing communities throughout California and with locations in Louisiana and Florida. These communities include continuing care retirement communities, some of which have been in operation for more than 100 years, monthly rental communities, and affordable communities. The Borrower serves a variety of income levels and offers options for a full continuum of care. Currently providing services to more than 4,000 residents, the Borrower’s mission is “To empower individuals to live connected and fulfilled lives through community and innovation.” The Borrower and its subsidiaries employ more than 2,900 staff in the various Front Porch communities. CARING Housing Ministries and Covia Affordable Housing, wholly-owned subsidiaries of Front Porch, develops, owns, and manages affordable housing for more than 3,400 people, including seniors, families, and children, who are economically, physically, mentally, or developmentally challenged.

The issuance of the bonds by Issuer must be approved by the governmental unit on behalf of which the revenue obligations are issued and a governmental unit having jurisdiction over the territorial limits in which the Facilities are located, pursuant to the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986 (the “Code”). The Facilities are located within the territorial limits of the County. The Board of Supervisors is the elected legislative body of the County and is the applicable elected representative required to approve the issuance of the revenue obligations under Section 147(f) of the Code.

The Issuer requests that the Board approve the issuance of the bonds by the Issuer to finance the Project to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, among certain local agencies, including the County. Pursuant to Section 147(f) of the Code, the Board, following notice duly given, will hold a public hearing regarding the issuance of the revenue obligations. Required notice of the public hearing was provided, consistent with TEFRA requirements, by publication in *The Monterey Herald* on July 12, 2021.

The bonds to be issued by the Issuer will be the sole responsibility of the Borrower, and the County will have no financial, legal, moral obligation, liability, or responsibility for the facilities or the repayment of the revenue

obligations. All relevant financing documents concerning the issuance will contain clear disclaimers that the bonds are not obligations of the County or the State but are to be paid solely from funds provided by the Issuer.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel reviewed the Notice and proposed Resolution as to form and legality.

FINANCING:

The payment of principal, prepayment premium, if any, and purchase price of and interest on the revenue obligations shall be solely the responsibility of Front Porch Communities and Services. The County shall not bear any responsibility for the issuance of the revenue bonds, the tax-exempt status of the revenue bonds, nor the repayment of the revenue bonds.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the economic development strategic initiative as these revenue bonds are vehicles of economic development that promote a diverse and healthy economy.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Juan Pablo Lopez, Administrative Analyst, ext. 5091

Approved by: Dewayne Woods, Assistant County Administrative Officer, ext. 5309

Attachments: Resolution; Notice of Public Hearing and Proof of Publication