



AGENDA COVER MEMO

Memorandum Date: December 27, 2023

Report Date: January 9, 2024

TO: Board of County Commissioners

DEPARTMENT: County Administration

PRESENTED BY: Lorren Blythe, Director of Operations

AGENDA ITEM TITLE: PUBLIC HEARING / ORDER / In the Matter of Approving the Issuance of Revenue Bonds for Goodwill Industries of Lane and South Coast Counties Pursuant to IRS Section 147(f)

I. MOTION

MOVE TO APPROVE ISSUANCE OF REVENUE BONDS FOR GOODWILL INDUSTRIES OF LANE AND SOUTH COAST COUNTIES PURSUANT TO IRS SECTION 147(F) AND BASED ON TESTIMONY HEARD AND RECEIVED THROUGH THE PUBLIC HEARING FOR THIS MATTER.

II. AGENDA ITEM SUMMARY

The matter before the Board is a request from Goodwill Industries of Lane and South Coast Counties to approve issuance of a tax-exempt, private activity bond pursuant to Internal Revenue Service (IRS) requirements in IRS Code Section 147(f), and hold a public hearing pursuant to the Tax, Equity, Fiscal and Responsibility Act of 1982 (“TEFRA”).

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

December 5, 2023: The Board directed staff to assess the request from Goodwill Industries of Lane and South Coast Counties to approve issuance of a tax-exempt, private activity bond and conduct a public hearing.

December 12, 2023: The Board directed staff to set a public hearing for January 9, 2024 at 1:30 pm, for public input and return a Board order for consideration of approval of issuance of the tax-exempt bonds.

December 22, 2023: Notice of the public hearing in the matter of the bond issuance

was published in the Register-Guard, fulfilling the 7-day minimum requirement.

B. Policy Issues

This item supports the Vibrant Communities strategic priority within Lane County's Strategic Plan.

C. Board Goals

Strategic Plan objectives are described in the Policy Issues section above.

D. Financial and/or Resource Considerations

Lane County has no financial obligations as a result of this matter.

E. Health Implications

Not applicable.

F. Analysis

Goodwill Industries of Lane and South Coast Counties (Goodwill), an Oregon nonprofit corporation, has requested a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing and approval by the Board of the proposed issuance by Public Finance Authority of revenue bonds not to exceed \$25,500,000 to fund capital improvement projects for Goodwill facilities in Lane County and Anchorage, Alaska. Goodwill's request letter is attached to the Order as Exhibit A.

A portion of the proceeds of the Bonds in an amount not to exceed \$13,000,000 will be used to finance and/or refinance the acquisition and rehabilitation of the real property and improvements located at (i) 1010 Green Acres Road, Eugene, Oregon 97408 that serves as a retail store and a donation center; (ii) 855 Seneca Road, Eugene, Oregon 97402, that serves as an e-commerce retail training center; and (iii) 105 S. Bertelsen Road, Eugene, Oregon 97402 that serves as a warehouse and distribution center. The remaining amount is for capital improvements for Goodwill facilities in Alaska. Goodwill is seeking a single issuance to cover the collective projects.

The Bonds will be "private activity bonds" for the purposes of Internal Revenue Code of 1986, as amended (the "Code"), which, pursuant to Section 147(f) of the Code, are required to be approved by an "applicable elected representative" of a governmental unit having jurisdiction over the entire area in which the facilities to be financed by such bonds is to be located after a public hearing held following reasonable public notice ("TEFRA"). Public notice of the hearing was provided on December 22, 2023, more than 7 days prior to the hearing and proof of the notice is attached to the Order as Exhibit B. For purposes of compliance with Section 147(f) of the Code, the Board of Commissioners is an "applicable

elected representative” of Lane County authorized to approve the issuance of the Bonds by Public Finance Authority.

Staff have consulted with Hawkins, Delafield & Wood, LLP, (Hawkins), Lane County’s legal bond counsel regarding this request. Hawkins has provided that if the County decides to proceed with the hearing and approval of the issuance, the County is not obligating itself to be involved with the bond issue in any other way – as the issuer, payer, or in any role overseeing the projects or the bond issue. A letter of explanation from Hawkins is attached to the Order as Exhibit C.

G. Alternatives/Options

The Board of County Commissioners has the option to:

1. Approve the Order to approve issuance of tax-exempt revenue bonds for Goodwill Industries of Lane and South Coast Counties pursuant to IRS Section 147(f).
2. Deny the Order and direct staff otherwise.

IV. RECOMMENDATION

Staff recommend option 1.

V. TIMING/IMPLEMENTATION

If approved by the Board, approval of the issuance of tax-exempt revenue bonds for Goodwill Industries of Lane and South Coast Counties will become effective immediately.

VI. FOLLOW-UP

Not applicable.

VII. ATTACHMENTS

1. Board Order to Approve Issuance of Revenue Bonds for Goodwill Industries of Lane and South Coast Counties with exhibits:
 - a. Exhibit A – Request letter from Goodwill Industries of Lane and South Coast Counties
 - b. Exhibit B – Proof of notice for the Public Hearing
 - c. Exhibit C – Explanation letter from Hawkins, Delafield & Wood, LLP, Lane County’s Bond Counsel

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO: 24-01-09-28

IN THE MATTER OF APPROVING THE
ISSUANCE OF REVENUE BONDS FOR
GOODWILL INDUSTRIES OF LANE AND
SOUTH COAST COUNTIES PURSUANT
TO IRS SECTION 147(f)

WHEREAS, Goodwill Industries of Lane and South Coast Counties, an Oregon nonprofit corporation (the “Borrower”), has requested that the Public Finance Authority, a public authority existing under the laws of the State of Wisconsin (the “Authority”), issue its Revenue Bonds (Goodwill Industries of Lane and South Coast Counties Project), Series 2023, in one or more series or issuances as part of a plan of finance (the “Bonds”), in an aggregate principal amount not to exceed \$25,500,000, and loan a portion of the proceeds of the Bonds in an amount not to exceed \$13,000,000 (the “Oregon Project Bonds”) to the Borrower, for the following purposes: (a) financing and refinancing the acquisition and rehabilitation of the real property and improvements located at (i) 1010 Green Acres Road, Eugene, Oregon 97408, consisting of a commercial building with approximately 49,925 square feet of space that serves as a retail store and a donation center in an amount up to \$6,500,000; (ii) 855 Seneca Road, Eugene, Oregon 97402, consisting of a commercial building with approximately 53,947 square feet of space that serves as an e-commerce retail training center in an amount up to \$500,000; and (iii) 105 S. Bertelsen Road, Eugene, Oregon 97402, consisting of a commercial building with approximately 55,564 square feet of space that serves as a retail store and a donation center in an amount up to \$6,000,000 (collectively, the “Facilities”); (b) funding any required reserve funds for the Oregon Project Bonds; and (c) paying certain costs of issuing the Oregon Project Bonds (the “Project”); and

WHEREAS, the Facilities will be owned and operated by the Borrower for use as retail stores and donation centers located in Lane County to further the Borrower’s mission to provide vocational opportunities to individuals with barriers to employment (Exhibit A, request from Goodwill); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and the laws under which the Authority was formed, prior to their issuance, the Oregon Project Bonds are required to be approved by an “applicable elected representative” of a governmental unit having jurisdiction over the area in which the Facilities are or will be located, after a public hearing held following reasonable public notice; and

WHEREAS, the Board of Commissioners (the “Board”) is an “applicable elected representative” of Lane County (the “County”) under the Code for purposes of the approval of the Project; and

WHEREAS, the Borrower has requested that the Board approve the financing and refinancing of the Project and the issuance of the Oregon Project Bonds in order to satisfy the requirements of Section 147(f) of the Code, Section 4 of the Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated as of September 28, 2010 (the “Joint Exercise Agreement”), and Section 66.0304(11)(a) of the Wisconsin Statutes (the “Approval Requirements”); and

WHEREAS, a notice of a public hearing regarding the issuance of the Oregon Project Bonds was published in The Register Guard on December 22, 2023, a newspaper of general

circulation in the County, thus fulfilling noticing requirements of the Code (Exhibit B, proof of public hearing notice); and

WHEREAS, the Board has this day held a public hearing regarding the Authority's issuance of the Oregon Project Bonds and the financing and refinancing of the Project and now desires to approve the Authority's issuance of the Oregon Project Bonds and the financing and refinancing of the Project in accordance with the Approval Requirements; and

WHEREAS, the Oregon Project Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit of the County, but shall be special limited obligations of the Authority payable solely from the loan repayments to be made by the Borrower to the Authority, and the County has no liability whatsoever for the repayment of the Oregon Project Bonds, and that neither the faith and credit nor the taxing power of the County is pledged to the payment of the principal of or interest on the Oregon Project Bonds (Exhibit C, letter of explanation from Hawkins, Delafield & Wood, LLP, Lane County's Bond Counsel); and

WHEREAS, the Board has determined that approval of the issuance of the Oregon Project Bonds is to satisfy the Approval Requirements, and shall in no event constitute an endorsement of the Oregon Project Bonds, the Project or the creditworthiness of the Borrower, nor shall such approval in any event be construed to obligate the County for the payment of the principal of or premium or interest on the Oregon Project Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the Authority, or to constitute the Oregon Project Bonds or any of the agreements or obligations of the Authority an indebtedness of the County, within the meaning of any constitutional or statutory provision whatsoever.

NOW, THEREFORE, the Board of County Commissioners of Lane County **ORDERS** as follows:

1. The Board hereby approves the Authority's issuance of the Oregon Project Bonds in an aggregate principal amount not to exceed \$13,000,000 and the financing and refinancing of the Project for the purposes of (i) Section 147(f) of the Code, (ii) Section 4 of the Joint Exercise Agreement, and (iii) Section 66.0304(11)(a) of the Wisconsin Statutes; and
2. The County has no responsibility for the payment of the principal of or interest on the Oregon Project Bonds or for any costs incurred by the Borrower with respect to the Oregon Project Bonds or the Project, and the Oregon Project Bonds do not constitute a debt or pledge of the faith and credit of the County. The approval of the issuance of the Oregon Project Bonds does not constitute an endorsement to a prospective purchaser of the Oregon Project Bonds, of the creditworthiness of the Borrower or the Project, the feasibility of the Project, or the credit quality of the Oregon Project Bonds; and

3. The approval of the issuance of the Oregon Project Bonds contained in this Resolution is independent of any other approval or approvals by the Board that may be required in connection with the Project (the “Additional Approvals”), and nothing contained in this Resolution shall be construed to imply that any such Additional Approvals will be granted or to bind the County in any way with respect to any Additional Approvals; and
4. This order is effective immediately upon its adoption by the Board.

ADOPTED this 9th day of January, 2024.

Chair
Lane County Board of Commissioners

Exhibit A: Request letter from Goodwill Industries of Lane and South Coast Counties

December 4, 2023

Via Electronic Delivery

Mr. Pat Farr, Chair
Board of Commissioners
Lane County
125 East 8th Avenue
Eugene, OR 97401

Re: Request for TEFRA Approval by the Board of Commissioners of the Issuance of Bonds by the Public Finance Authority for the benefit of Goodwill Industries of Lane and South Coast Counties pursuant to Section 147(f) of the Internal Revenue Code

Dear Chair Farr:

The purpose of this letter is to request a TEFRA approval (as described herein) by the Lane County Board of Commissioners of the proposed issuance by Public Finance Authority (the “Authority”) of revenue bonds in an amount not to exceed \$25,500,000 (the “Bonds”) for the benefit of Goodwill Industries of Lane and South Coast Counties, an Oregon nonprofit corporation (“Goodwill Industries”). A portion of the proceeds of the Bonds in an amount not to exceed \$13,000,000 will be loaned by the Authority to Goodwill and used to finance and/or refinance the acquisition and rehabilitation of the real property and improvements located at (i) 1010 Green Acres Road, Eugene, Oregon 97408 that serves as a retail store and a donation center; (ii) 855 Seneca Road, Eugene, Oregon 97402, that serves as an e-commerce retail training center; and (iii) 105 S. Bertelsen Road, Eugene, Oregon 97402 that serves as a warehouse and distribution center (collectively, the “Facilities”).

The Bonds will be “private activity bonds” for the purposes of Internal Revenue Code of 1986, as amended (the “Code”), which, pursuant to Section 147(f) of the Code, are required to be approved by an “applicable elected representative” of a governmental unit having jurisdiction over the entire area in which the facilities to be financed by such bonds is to be located after a public hearing held following reasonable public notice (“TEFRA”). For purposes of compliance with Section 147(f) of the Code, the Board of Commissioners is an “applicable elected representative” of Lane County authorized to approve the issuance of the Bonds by the Authority.

Neither Lane County nor the Authority will have no liability by virtue of the TEFRA approval. The obligation to repay the principal of and interest on the Bonds is solely the responsibility of Goodwill Industries.

The use of the Bonds by Goodwill Industries to finance the Facilities results in a direct reduction in interest expense to Goodwill Industries and allows Goodwill Industries to direct

more of its resources to its mission to provide vocational opportunities to individuals with barriers to employment. The sooner the financing is completed, the more benefits will accrue to Goodwill Industries by increased interest savings.

Goodwill Industries respectfully requests that the Board of Commissioners approve the issuance of the Bonds by the Authority for purposes of compliance with TEFRA. The TEFRA approval involves two actions by the Board of Commissioners: (1) hold a public hearing, and (2) after the public hearing, to approve the issuance of the Bonds for TEFRA purposes.

Please let us know if you have any questions or concerns in connection with this request or if there is any additional information not previously submitted you would like for the Borrower to provide.

Sincerely,

GOODWILL INDUSTRIES OF LANE
AND SOUTH COATS COUNTIES

By Jim Martin
James Martin, Chief Executive Officer

Register-Guard, The (Eugene)

The Register-Guard

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Friday, December 22, 2023

Notice Content

NOTICE OF PUBLIC HEARING BY THE BOARD OF COMMISSIONERS OF LANE COUNTY WITH RESPECT TO THE ISSUANCE OF REVENUE BONDS FOR THE BENEFIT OF GOODWILL INDUSTRIES OF LANE AND SOUTH COAST COUNTIES TO BE ISSUED BY THE PUBLIC FINANCE AUTHORITY NOTICE IS HEREBY GIVEN that on January 9, 2024, a public hearing (the "Public Hearing"), as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), will be held by the Board of Commissioners of Lane County (the "County") with respect to the proposed issuance by the Public Finance Authority (the "Authority"), a commission organized under and pursuant to the provisions of Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended (the "Act"), of its Revenue Bonds (Goodwill Industries of Lane and South Coast Counties Project), Series 2023, in one or more series or issuances pursuant to a plan of finance, in an aggregate principal amount not to exceed \$25,500,000.00 (the "Bonds"). The Public Hearing will commence at 1:30 p.m., or as soon thereafter as the matter can be heard, and will be held in the Public Service Building, 125 East 8th Avenue, Eugene, Oregon 97401. The Bonds are expected to be issued pursuant to the Act by the Authority, and the proceeds from the sale of the Bonds will be loaned to Goodwill Industries of Lane and South Coast Counties, an Oregon nonprofit corporation (the "Borrower"). A portion of the proceeds of the Bonds in an amount not to exceed \$13,000,000 (the "Oregon Project Bonds") will be applied by the Borrower, for the purpose of (a) financing and refinancing the acquisition and rehabilitation of the real property and improvements located at (i) 1010 Green Acres Road, Eugene, Oregon 97408, consisting of a commercial building with approximately 49,925 square feet of space that serves as a retail store and a donation center in an amount up to \$6,500,000; (ii) 855 Seneca Road, Eugene, Oregon 97402, consisting of a commercial building with approximately 53,947 square feet of space that serves as an e-commerce retail training center in an amount up to \$500,000; and (iii) 105 S. Bertelsen Road, Eugene, Oregon 97402, consisting of a commercial building with approximately 55,564 square feet of space that serves as a retail store and a donation center in an amount up to \$6,000,000 (collectively, the "Oregon Facilities"); (b) funding any required reserve funds for the Oregon Project Bonds, and (c) paying certain costs of issuing the Oregon Project Bonds. The remaining amount of the proceeds of the Bonds in an amount not to exceed \$12,500,000 (the "Alaska Project Bonds") will be applied by the Borrower for the purpose of (a) financing and refinancing the acquisition and rehabilitation of the real property and improvements located at (i) 3838 Old Seward Highway, Anchorage, Alaska 99503-6024, consisting of an existing building with approximately 23,227 square feet of space to be used as a retail training center in an amount up to \$6,500,000; and (ii) 2320 Post Road, Anchorage, Alaska 99501, consisting of a warehouse containing approximately 56,562 square feet of space to be used as a warehouse and donation center in an amount up to \$6,000,000 (collectively, the "Alaska Facilities" and,

together with the Oregon Facilities, the "Facilities"); (b) funding any required reserve funds for the Alaska Project Bonds, and (c) paying certain costs of issuing the Alaska Project Bonds. The Facilities will be owned and operated by the Borrower, an organization described in Section 501(c)(3) of the Code (the "Code"), to further its mission to provide vocational opportunities to individuals with barriers to employment. The Bonds will be special limited obligations of the Authority payable solely from funds paid by the Borrower to the Authority and shall be secured by collateral furnished or caused to be furnished by the Borrower. The Bonds will not constitute an indebtedness or general obligation of the County, the State of Oregon or any county, municipal corporation or political subdivision thereof. The Bonds will not constitute a debt or liability of any member of the Authority, the State of Wisconsin or any political subdivision or agency thereof. Exhibit C: Draft notice for the Public Hearing The Public Hearing will provide an opportunity for all interested persons to express their views, both orally and in writing, on the proposed issuance of the Oregon Project Bonds and the financing and refinancing of the Oregon Facilities. Any person interested in the issuance of the Oregon Project Bonds and the financing and refinancing of the Oregon Facilities may appear and be heard or submit written comments. Any person wishing to submit written comments regarding the proposed issuance of the Oregon Project Bonds, the financing and refinancing of the Oregon Facilities or any matter related thereto should do so by delivering such written comments to the Lane County Administration ATTN: Director of Operations, 125 East 8th Avenue, Eugene, Oregon 97401, prior to the start of the Public Hearing. This notice is given pursuant to the provisions of Section 147 of the Code. Additional information concerning the Project may be obtained from the Borrower. Publication Dates L00000000

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Exhibit C: Explanation letter from Hawkins, Delafield & Wood, LLP

From: [Gulgün Ugur](#)
To: [BLYTHE Lorren J](#); [HOLMES Greg A](#)
Cc: [Jennifer Cordova](#)
Subject: Explanation of TEFRA Requirement
Date: Thursday, November 16, 2023 5:01:27 PM

[EXTERNAL]

Dear Lorren and Greg,

It was nice to talk to you on Tuesday. As promised, we're writing to provide some background on why the County is being asked to hold a hearing and "approve" the bonds being issued to benefit Goodwill Industries.

The Tax, Equity, Fiscal and Responsibility Act of 1982 ("TEFRA") authorized by Congress set forth processes to ensure the opportunity for public input from local residents and businesses when tax exempt bonds are used to finance privately-operated facilities (these are called "private activity bonds" in the public finance jargon).

In this case, the bonds would be tax-exempt because they are for the purposes of a 501(c)(3) organization and would be issued by a national conduit bond issuer. The borrowing is considered a "private activity bond" because the bonds would benefit a private 501(c)(3) entity – Goodwill Industries, rather than a local government. This is why the County does not need to hold TEFRA hearings before each of its own bond issues – most County bond issues finance projects that are owned and operated by the County.

The hearing is intended to give individuals an opportunity to voice their opinions or concerns regarding the issuance of bonds for the proposed projects.

Section 147(f) of the Internal Revenue Code requires that the bonds be approved by the elected representatives of the governmental unit (in this case the County board) having jurisdiction over the areas in which the bond-financed projects are located.

In order for the bonds to be issued, the County would need to hold a hearing and then adopt an order, like the one that the Kutak attorneys provided and that we reviewed, acknowledging the hearing was held and "approving" the bonds for the limited purpose of meeting the requirement in the Internal Revenue Code.

If the County decides to proceed with the hearing and "approval" of the bonds, the County is not obligating itself to be involved with the bond issue in any other way – as the issuer, payer, or in any role overseeing the projects or the bond issue.

Gülgün Ugur (she/her)

Hawkins

Delafield & Wood LLP

200 SW Market Street, Suite 350

Portland, Oregon 97201

Office: (503)402-1325