

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Chief Executive Office

BOARD AGENDA:6.2
AGENDA DATE: June 5, 2018

SUBJECT:

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds for the Execution of a Loan Transaction by the California Municipal Finance Authority not to exceed \$23 million for Use by Golden Valley Health Centers

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0266

On motion of Supervisor Olsen _____, Seconded by Supervisor Monteith _____
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini _____

Noes: Supervisors: None _____

Excused or Absent: Supervisors: None _____

Abstaining: Supervisor: None _____

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:



ATTEST: **PAM VILLARREAL, Assistant Clerk of the Board of Supervisors**

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:6.2
AGENDA DATE: June 5, 2018

CONSENT

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) to Consider Approval of a Resolution and Issuance of Bonds for the Execution of a Loan Transaction by the California Municipal Finance Authority not to exceed \$23 million for Use by Golden Valley Health Centers

STAFF RECOMMENDATION:

1. Conduct the scheduled Public Hearing on June 5, 2018 to receive public comment under the requirements of the Tax and Equity Fiscal Responsibility Act (the "TEFRA") and the Internal Revenue Code of 1986, as amended, in connection with the proposed issuance of conduit revenue bonds by California Municipal Finance Authority (the "CMFA"), or the execution of a loan transaction with the CMFA, a Joint Exercise of Powers Authority ("JPA") and public entity of the State of California.

2. Adopt the attached resolution to approve the issuance bonds or the execution of a loan transaction by the CMFA, in an aggregate principal amount not to exceed \$23 million, for the benefit of Golden Valley Health Centers, a California non-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, or a subsidiary or affiliate thereof (the "Borrower"), for the purpose of financing and refinancing the acquisition, renovation, improvement and healthcare facilities of Borrower and certain other matters related thereto as further described in the Discussion section below.

DISCUSSION:

On January 1, 2004, the California Municipal Financing Authority (CMFA) was created pursuant to a joint exercise of powers agreement to promote economic, cultural and community development through the financing of economic development and charitable activities throughout California. The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings. To date, over 275 municipalities, including Stanislaus County, have become members of CMFA.

On March 1, 2016, the Board of Supervisors authorized the Chairman of the Board of Supervisors to sign and execute a Joint Exercise of Powers Agreement relating to the California Municipal Finance Authority (JPA Agreement). The JPA Agreement identifies that the CMFA is a public entity, separate and apart from each member executing the JPA Agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such an agreement.

On May 3, 2018, Golden Valley Health Centers, (the Borrower) sent correspondence to the County requesting that the CMFA serve as the municipal issuer of tax-exempt revenue bonds, (the Loan) in an aggregate principal amount not to exceed \$23 million. The proceeds of the Loan will be used to finance several projects located in the County, together with projects in San Joaquin County and Merced County:

(a) West Modesto-MedNow Prompt Care: The West Modesto-MedNow Prompt Care project consists of the renovation of an approximately 2,500 square foot leased building located at 901 North Carpenter Road, Modesto, California, to provide six (6) exam rooms.

(b) North Modesto-MedNow Prompt Care: The North Modesto-MedNow Prompt Care project consists of the renovation of an approximately 5,000 square foot leased building located at 4707 Greenleaf Court, Modesto, California, to provide nine (9) exam rooms.

(c) Turlock Colorado: The Turlock Colorado clinic will be the construction of an approximately 15,000 square foot building consisting of 21 exam rooms and three (3) operatories next to Emmanuel Hospital at 1910, 1930 and 1936 Colorado Avenue, Turlock, California.

(d) Planada Medical/Dental: The Planada Medical/Dental project consists of the renovation of an approximately 4,906 square foot building located at 9235 East Broadway, Planada, California, to repair the roof, remodel the front reception, upgrade the sterilization area, acquire capital equipment (AC unit, dental chairs, cassettes w/instruments, Auto Sterilizer), and acquire furniture/fixtures including replacing window blinds.

(e) Newman Medical/Dental: The Newman Medical/Dental project consists of the renovation of an approximately 4,754 square foot building located at 637 Merced Street, Newman, California, to make renovations (roof, painting exterior w/repairs, flooring) and to acquire capital equipment (Overhead Pelton Crain lights).

(f) Patterson Medical/Dental: The Patterson Medical/Dental project consists of the renovation of an approximately 10,108 square foot building located at 200 C Street, Patterson, California, to make renovations (roof, painting, flooring, windows/doors, bathrooms), acquire capital equipment (exam table, NST Machine, Overhead Pelton Crain Lights, dental delivery system with water system), acquire furniture/fixtures, and make land improvements (fence around patio to the front for security).

(g) Florida Suites: The Florida Suites project consists of the renovation of an approximately 14,152 square foot building located at 1510 Florida Avenue, Modesto, California, to make renovations (roof, floors, painting, facework for wood on front of building, etc.), and acquire capital equipment (HVAC units).

(h) Corner of Hope: The Corner of Hope project consists of the renovation of an approximately 1,855 square foot building located at 1130 6th Street, Modesto, California, to renovate reception area.

(i) Empire Dental: The Empire Dental project, an approximately 1,406 square foot building located at located at 189 G Street, Empire, California, consists of the acquisition of furniture and fixtures.

(j) Hanshaw Dental: The Hanshaw Dental project, an approximately 2,880 square foot building located at 1717 Las Vegas Street (Hanshaw Middle School), Modesto, California, consists of the acquisition of furniture and fixtures including storage.

(k) Ceres East Medical/Dental: The Ceres Medical/Dental project, an approximately 8,300 square foot building located at located at 1920 Memorial Drive, Ceres, California, consists of the acquisition of furniture and fixtures.

The Facilities financed or refinanced with proceeds of the Loan are, or will be upon acquisition and placement in service, operated by the Borrower.

Conduit revenue bonds are issued by public agencies in California and other states, where the proceeds of the bonds are lent to for profit or nonprofit entities to finance capital assets in accordance with the requirements of the Internal Revenue Code of 1986. Section 147(f) of the Internal Revenue Code of 1986 requires that both the governmental unit that issues the bonds, (the "Issuer") and a governmental unit with jurisdiction over the location of the financed project, (the "Host") approve the issuance of qualified private activity bonds. For purposes of the Borrower's project, the CMFA is the Issuer and the County is the Host.

Outside of holding the Tax and Equity Fiscal Responsibility Act (TEFRA) Hearing and adopting the required resolution, no other participation or activity of the County or the Board of Supervisors is required. The Loan to be issued by the CMFA will be the sole obligation of the Borrower; the County will not be liable for repayment of the Loan under any circumstances.

On May 15, 2018, the Board of Supervisors authorized a public hearing in compliance with TEFRA to be set for June 5, 2018.

On May 21, 2018, the County's Debt Advisory Committee recommended the matter be forwarded to the Board of Supervisors for public hearing, review and approval.

POLICY ISSUE:

The Board of Supervisors is asked to conduct the Public Hearing under the requirements of the TEFRA and the Internal Revenue Code of 1986, as amended. The Board of Supervisors is further asked to adopt the attached resolution (Attachment A) approving the issuance of bonds or the execution of a loan transaction by the CMFA, in an amount not to exceed \$23 million, for the benefit of the Borrower for the purpose of financing and refinancing the Facilities.

Golden Valley Health Centers as the Borrower is an independent, Non-Profit whose mission is to improve the health of its patients by providing quality, primary health care services to people in the communities they serve regardless of language, financial or cultural barriers. Should the Board opt not to conduct the Public Hearing this would most likely terminate the financing for Golden Valley Health Center projects, which in turn would impact their ability to better serve the community.

FISCAL IMPACT:

The Loan issued by the CMFA on behalf of the Borrower for the Facilities is a special limited obligation and will be the sole responsibility of the Borrower. The County will have no financial, legal, moral obligation, liability or responsibility for the Facilities or the repayment of the Loan. The Borrower's payments to the CFMA will be used to pay the principal and interest on the Loan. All financing documents with respect to the Loan will contain clear disclaimers that the Loan is not an obligation of the County or the State of California, and that the Loan is to be paid for solely from funds provided by the Borrower.

Administrative costs of staff time and publication costs associated with processing the Borrower's request to hold the public hearing will be recovered from the CMFA through a sharing of the issuance fee with the County when the bonds close.

BOARD OF SUPERVISORS' PRIORITY:

The recommended actions are consistent with the Boards Priority' of *Supporting Community Health* and *Delivering Efficient Public Services and Community Infrastructure* by supporting the request for a TEFRA Public Hearing received from Golden Valley Health Centers in accordance with the Internal Revenue Code of 1986.

STAFFING IMPACT:

Existing staff of the Office of the Clerk of the Board of Supervisors, Chief Executive Office and County Counsel have and will assist in providing the necessary support for the TEFRA Hearing. There are no other staffing impacts associated with this item.

CONTACT PERSON:

Patricia Hill Thomas, Chief Operations Officer, (209) 525-6333

Becky Meredith, Deputy Executive Officer, Telephone (209) 525-6333

ATTACHMENT(S):

1. Resolution

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA 2018-0266

Date: June 5, 2018

On motion of Supervisor Olsen Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

Item # 6.2

THE FOLLOWING RESOLUTION WAS ADOPTED:

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
APPROVING THE ISSUANCE OF BONDS OR THE EXECUTION OF A LOAN TRANSACTION BY
THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$23,000,000 FOR THE PURPOSE OF FINANCING THE
ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF HEALTH FACILITIES
FOR GOLDEN VALLEY HEALTH CENTERS, AND CERTAIN OTHER MATTERS RELATING
THERETO**

RESOLVED, by the Board of Supervisors (the "Board") of the County of Stanislaus (the "County"), as follows:

WHEREAS, Golden Valley Health Centers, ("GVHC") a California nonprofit, public benefit corporation and an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 (the "Borrower"), has requested that the California Municipal Finance Authority (the "Authority") sell and issue one or more series of its tax-exempt or taxable revenue bonds or enter into a loan transaction in an aggregate principal amount not to exceed \$23,000,000 (the "Bonds"), and loan the proceeds thereof to Borrower all pursuant to the Joint Exercise of Powers Act, comprising Articles 1,2,3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California for the purpose of providing funds to finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements at the Borrower's health center facilities described below (the "Projects") which are located within the territorial limits of the County:

West Modesto-MedNow Prompt Care: The West Modesto-MedNow Prompt Care project consists of the renovation of an approximately 2,500 square foot leased building located at 901 North Carpenter Road, Modesto, California, to provide six (6) exam rooms.

North Modesto-MedNow Prompt Care: The North Modesto-MedNow Prompt Care project consists of the renovation of an approximately 5,000 square foot leased building located at 4707 Greenleaf Court, Modesto, California, to provide nine (9) exam rooms.

Turlock Colorado: The Turlock Colorado clinic consists of the construction of an approximately 15,000 square foot building with 21 exam rooms and three (3) operatories next to Emmanuel Hospital at 1910, 1930 and 1936 Colorado Avenue, Turlock, California.

Planada Medical/Dental: The Planada Medical/Dental project consists of the renovation of an approximately 4,906 square foot building located at 9235 East Broadway, Planada, California, to repair the roof, remodel the front reception area, upgrade the sterilization area, acquire capital equipment (AC unit, dental chairs, cassettes w/instruments, Auto Sterilizer), and acquire furniture/fixtures including replacing window blinds.

Newman Medical/Dental: The Newman Medical/Dental project consists of the renovation of an approximately 4,754 square foot building located at 637 Merced Street, Newman, California, to make renovations (roof, painting exterior w/repairs, flooring) and to acquire capital equipment (Overhead Pelton Crain lights).

Patterson Medical/Dental: The Patterson Medical/Dental project consists of the renovation of an approximately 10,108 square foot building located at 200 C Street, Patterson, California, to make renovations (roof, painting, flooring, windows/doors, bathrooms), acquire capital equipment (exam table, NST Machine, Overhead Pelton Crain Lights, dental delivery system with water system), acquire furniture/fixtures, and make land improvements (fence around patio to the front for security).

Florida Suites: The Florida Suites project consists of the renovation of an approximately 14,152 square foot building located at 1510 Florida Avenue, Modesto, California, to make renovations (roof, floors, painting, facework for wood on front of building, etc.), and acquire capital equipment (HVAC units).

Corner of Hope: The Corner of Hope project consists of the renovation of an approximately 1,855 square foot building located at 1130 6th Street, Modesto, California, to renovate the reception area.

Empire Dental: The Empire Dental project, an approximately 1,406 square foot building located at 189 G Street, Empire, California, consists of the acquisition of furniture and fixtures.

Hanshaw Dental: The Hanshaw Dental project, an approximately 2,880 square foot building located at 1717 Las Vegas Street, (Hanshaw Middle School) Modesto, California, consists of the acquisition of furniture and fixtures including storage shed.

Ceres East Medical/Dental: The Ceres Medical/Dental project, an approximately 8,300 square foot building located at 1920 Memorial Drive, Ceres, California, consists of the acquisition of furniture and fixtures.

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the governmental unit having jurisdiction over the territorial limits in which the Projects are located; and

WHEREAS, the Projects are located within the territorial limits of the County and the Board of Supervisors of the County (the "Board") is the elected legislative body of the County and is one of the "applicable elected representatives" required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the County is a member of the Authority; and

WHEREAS, the Authority has requested that the Board approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement"), among certain local agencies, including the County; and

WHEREAS, pursuant to section 147(f) of the Code, the Board has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

WHEREAS the Board understands that its actions in holding this public hearing and in approving this Resolution does not obligate the County in any manner for payment of the principal, interest, fees or any other costs associated with the Bonds or for any liability arising from the issuance of the Bonds, and the Board expressly conditions its approval of this Resolution on that understanding;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Supervisors of the County of Stanislaus, as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The Board hereby approves the issuance of the Bonds by the Authority in an aggregate principal amount not to exceed \$23,000,000, for the financing of construction, acquisition, installation, renovation, rehabilitation and improvement of the Projects. It is the purpose and intent of the Board that this Resolution constitute approval of the Authority's issuance of the Bonds, for the purposes of (a) section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Projects are located, and (b) Section 4 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The County shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the County or any department thereof to (i) provide any financing to acquire or construct any of the Projects ; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation or operation of the Projects; (iii) make any contribution or advance any funds whatsoever to the Authority or the Borrower; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. The Bonds will be paid entirely from repayments by the Borrower. Neither the full faith and credit nor the taxing power, if any, of the County, the State of California or any other political corporation, subdivision or agency of the State is pledged to the payment of the Bonds, nor shall the County, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest of the Bonds.

Section 6. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 7. The Clerk of the Board shall forward a certified copy of this Resolution to:

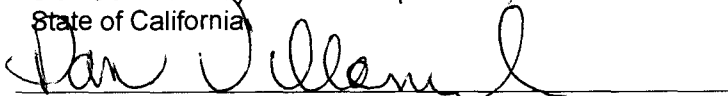
Brian D. Quint, Esq.
Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726

and to:

Ronald E. Lee, Esq.
Jones Hall, APLC
475 Sansome Street, Suite 1700
San Francisco, CA 94111

Section 8. This resolution shall take effect immediately upon its adoption.

ATTEST: PAM VILLARREAL, Assistant Clerk
Stanislaus County Board of Supervisors,
State of California



File No.

**Public Hearing Pursuant to the
Tax and Equity Fiscal
Responsibility Act (TEFRA)**

Golden Valley Health Centers

June 5, 2018



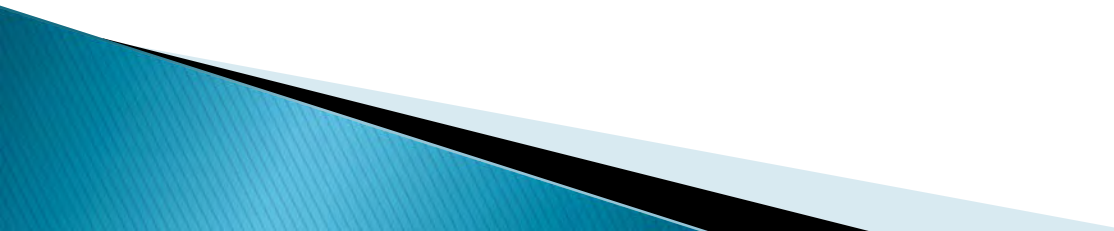
- ▶ Patricia Hill Thomas
 - Chief Operations Officer

- ▶ **Becky Meredith**
 - Deputy Executive Officer

Why Are We Here?

- ▶ Golden Valley Health Centers , a 501(c)(3) non profit corporation, requested the **California Municipal Finance Authority** serve as the municipal issuer of tax-exempt revenue bonds, or loan provider, in an amount not to exceed \$23 million.
- ▶ Under the Tax and Equity Fiscal Responsibility Act (TEFRA), the governing body of the jurisdiction in which a project to be financed is located, Stanislaus County, is required to hold a public hearing and approve the issuance of the bonds as the “host”.

What is the California Municipal Finance Authority (CMFA)?

- ▶ Created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California.
 - ▶ Formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California.
- 

Stanislaus County and CMFA - Joint Exercise of Powers Authority (JPA)

- ▶ In March of 2016, the Board of Supervisors authorized joining CMFA by entering into a JPA Agreement.
- ▶ JPA Agreement provides:
 - CMFA is a public entity, separate and apart from each member executing the JPA Agreement.
 - Debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of members.
 - Membership will not expose the County to any financial liability, nor is there a membership cost.

Golden Valley Health Centers

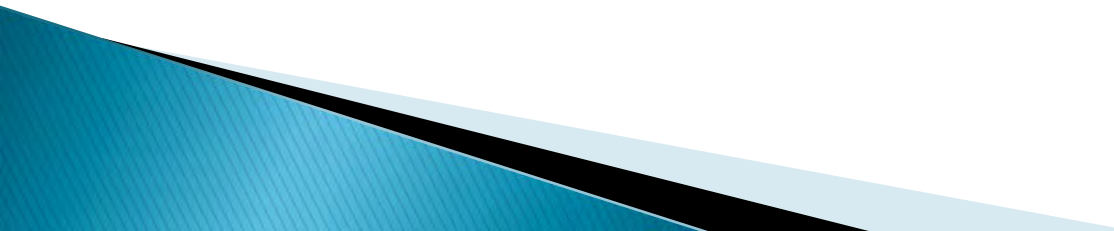
Proposed Projects – Use of Proceeds

- ▶ CMFA tax-exempt bond funds will finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for health center facilities at the following locations;
 - West Modesto-Med Now Prompt Care – 901 N. Carpenter Rd., Modesto
 - North Modesto-Med Now Prompt Care – 4704 Greenleaf Ct., Modesto
 - Turlock Colorado Clinic – 1910 Colorado Ave., Turlock

Use of Proceeds— continued

- Planada Medical/Dental – 9235 E. Broadway, Planada
 - Newman Medical/Dental – 637 Merced St., Newman
 - Patterson Medical/Dental – 200 C Street, Patterson
 - Corner of Hope – 1130 6th Street, Modesto
 - Empire Dental – 189 G Street, Empire
 - Hanshaw Dental – 1717 Las Vegas Street, Modesto
 - Ceres East Medical/Dental – 1920 Memorial Drive, Ceres
- 

Fiscal Impact

- ▶ Any debt issued or loans transacted with the CMFA will be the *sole responsibility* of Golden Valley Health Centers.
 - ▶ The County will have NO financial, legal, moral obligation, liability or responsibility for bond payments or the improvements financed by the bond proceeds.
 - ▶ Golden Valley Health Center's payments to the CMFA will be used to pay the principal and interest on bonds and/or loans.
 - ▶ County staff administrative costs associated with the Public Hearing will be recovered from CMFA, through a sharing of the bond issuance fee.
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Debt Advisory Committee

- ▶ The Debt Advisory Committee of the Board of Supervisors considered Golden Valley Health Centers' request on May 21, 2018.
 - ▶ The Debt Advisory Committee recommended the financing request be forwarded to the Board for public hearing, review and approval.
- 

Golden Valley Health Centers

- Wunna Mine
Chief Information and Strategy Officer
Golden Valley Health Centers
- John Stoecker, Financial Advisor
California Municipal Finance Authority

Staff Recommendations

- ▶ Conduct the Public Hearing and receive public comment.
 - ▶ Adopt a resolution approving the issuance of tax-exempt bonds or the execution of a loan transaction by the California Municipal Finance Authority, not to exceed \$23 million, for the benefit of Golden Valley Health Centers to:
 - Finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for health center facilities; and
 - Proceeds will also pay for certain costs of issuance.
- 