



Legislation Text

File #: 17-0699, **Version:** 1

HEARING - Community Development Services, Planning and Building Department, recommending the Board conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act and the Internal Revenue Code of 1986, as amended, to adopt and authorize the Chair to sign Resolution **119-2017**, approving the issuance of bonds by the California Municipal Finance Authority, in the aggregated principal amount not to exceed \$37,000,000, to finance a project for the benefit of Retirement Housing Foundation, and approving the Tax Equity and Fiscal Responsibility Act hearing related to the issuance of the bonds, which the County will have no financial, legal, moral obligation, liability, or responsibility for repayment of the revenue Bonds. (Est. Time: 5 Min.)

FUNDING: California Municipal Finance Authority Revenue Bonds (Retirement Housing Foundation Obligated Group) Series 2017

DEPARTMENT RECOMMENDATION

Community Development Services (CDS), Planning and Building Department, recommending the Board conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended, to consider adoption of Resolution **119-2017**, approving the issuance of bonds by the California Public Finance Authority in the aggregated principal amount not to exceed \$37,000,000, to finance a project for the benefit of Retirement Housing Foundation (RHF), a California nonprofit public benefit corporation, and approving the TEFRA hearing related to the issuance of the bonds, which the County will have no financial, legal, moral obligation, liability, or responsibility for repayment of the revenue Bonds.

DISCUSSION / BACKGROUND

The County was approached by the California Municipal Finance Authority (CMFA) to conduct a TEFRA Hearing as required under Section 147(f) of the Internal Revenue Code of 1986, as amended, with respect to the proposed issuance by CMFA of its revenue Bonds.

Bixby Knolls Towers, Inc., Gold Country Health Center, Inc., Mayflower RHF Housing, Inc., Mayflower Gardens Health Facility, Inc., and Sun City RHF Housing, Inc., collectively, the Borrowers, each a nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, have requested that CMFA participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$37,000,000 (the Bonds), the proceeds of which will be used to:

- 1) Refund the California Statewide Communities Development Authority Revenue Bonds (RHF Obligated Group), Series 2014A;
- 2) Finance or reimburse the costs of constructing, renovating, remodeling and/or equipping long-term care facilities located on the Borrowers' campuses in an amount not to exceed \$7,000,000;
- 3) Fund a debt service reserve fund to secure the Bonds; and
- 4) Pay certain expenses incurred in connection with the issuance of the Bonds. Each of the Borrowers is an affiliate of RHF, Inc.

The facilities financed and refinanced by the Bonds are owned and operated by the Borrowers and are located at the campuses of the Borrowers, including Gold Country Health Center, Inc., which owns and operates a 68-bed skilled nursing facility, 36 assisted living units, and a 150-unit congregate care complex known as the Gold Country Health Center and the Gold Country Retirement Center (the Project), located at 4301 Golden Center Drive and 6041 Golden Center Court in Placerville.

CMFA

On October 28, 2014 (Item 8), the Board conducted a TEFRA hearing for the benefit of Goodwill Industries with locations in El Dorado County, and joined the CMFA Joint Powers Authority to facilitate issuance of tax-exempt bonds.

The CMFA was 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. To date, over 200 municipalities, including the County of El Dorado, have become members of CMFA.

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.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrowers, and the County will have no financial, legal, moral obligation, liability or responsibility for the Project, or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the County or the State of California, but are to be paid for solely from funds provided by the Borrowers.

Outside of holding the TEFRA Hearing and adopting the required Resolution, no other participation or activity of the County or the Board of Supervisors, with respect to the issuance of the Bonds, will be required.

TEFRA

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County of El Dorado must conduct a public hearing under the TEFRA of 1982, as amended, providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. There has been published, at least fourteen days prior to the date of this hearing, in a newspaper of general circulation within the County, a notice that a public hearing regarding the Bonds would be held on this date.

In accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit with elected representative and jurisdiction over the area in which the Project to be financed is located, in this case the El Dorado County Board of Supervisors, must provide its approval of the issuance of the Bonds for the financing of the Project.

The issuance of revenue Bonds by the CMFA, payable solely by the Borrowers, shall not obligate the County or any department thereof to:

- 1) Provide any financing to acquire, rehabilitate, or construct the Project or any refinancing of the Project;
- 2) 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, rehabilitation, or operation of the Project;
- 3) Make any contribution or advance any funds whatsoever to the CMFA; or
- 4) Take any further action with respect to the CMFA or its membership therein.

ALTERNATIVES

The Board may decline approval of the Resolution which would prevent the issuance of revenue bonds in support of Gold County Health Center, Inc., among others.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel has approved the proposed Resolution.

CAO RECOMMENDATION]

It is recommended that the Board approve this item.

FINANCIAL IMPACT

There is no financial obligation or Net County Cost associated with this item. The County will have no financial, legal, moral obligation, liability, or responsibility for repayment of the revenue Bonds.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Clerk of the Board will obtain the Chair's signature on the Resolution.
- 2) Clerk of the Board will forward one (1) certified copy of the signed Resolution to Alexis Harrington, Hawkins Delafield & Wood LLP, One Embarcadero Center, Suite 3820, San Francisco, CA 94111.
- 3) Clerk of the Board will forward one (1) certified copy of the signed Resolution to CDS Planning and Building Department, Long Range Planning Unit-HCED.

STRATEGIC PLAN COMPONENT

Economic Development and Healthy Communities.

CONTACT

Roger Trout, Interim Director
Community Development Services, Planning and Building Department