



Board Agenda Item 11

DATE: September 26, 2017

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer

SUBJECT: Conduit Financing for Omni Family Health (Not a County Liability)

RECOMMENDED ACTION(S):

1. **Conduct a public hearing under the Tax Equity and Fiscal Responsibility Act ("TEFRA") and the Internal Revenue Code of 1986, as amended (the "Code") regarding the issuance of tax-exempt conduit bonds for Omni Family Health in an amount not to exceed \$15,000,000 for acquisition, construction, improvement and equipping of health and medical facilities located in Fresno and Reedley.**
2. **Adopt the resolution approving the issuance of the Bonds by the California Municipal Financing Authority (CMFA) for the benefit of Omni Family Health, a California nonprofit, public benefit corporation and an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 (the "Borrower"), which adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and California Government Code Section 6500 (and following).**

The County has received a request from the CMFA and Omni Family Health ("OFH") to conduct a public hearing concerning the issuance, in an amount not to exceed \$15,000,000 ("Bonds"), of conduit bonds to finance the acquisition, construction, improvement and equipping health and medical facilities for OFH located in Fresno and Reedley in the County of Fresno ("Project"). The recommended actions are solely for the purposes of satisfying the requirements of TEFRA, the Code.

The Code requires that prior to issuance of the Bonds, the applicable elected representatives of a qualifying governmental unit with jurisdiction over the area where the project is located must hold a noticed public hearing and adopt a resolution approving the issuance of the Bonds by the CMFA. Since the OFH facilities being financed are all located within the County, OFH has asked the County Board of Supervisors to conduct the public hearing and consider adoption of an approving resolution in order to satisfy the requirements of the Code (Exhibits A&B)

ALTERNATIVE ACTION(S):

If your Board does not approve the issuance of the Bonds by CMFA by holding the hearing required by the Code and adopting the proposed resolution, then CMFA and OFH will be required to request approvals by similar hearings and resolutions of both the City of Fresno and the City of Reedley. Staff are informed by CMFA and OFH, that notwithstanding the legal availability of that option, it would cause delay that could adversely affect the project.

FISCAL IMPACT:

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower 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 solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation ("Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the County of Fresno, it is expected that a portion of the issuance fee attributable to the County will be granted by the CMFA to the general fund of the County of Fresno, which may be used for any lawful purpose of the County.

DISCUSSION:

OFH has requested that the CMFA serve as the municipal issuer of tax-exempt obligations in an aggregate principal amount not to exceed \$15,000,000 ("Bonds"). Proceeds of the Bonds will be used to (1) finance the renovation and expansion with tenant improvements of the approximately 11,000 square foot, 10-year leased facility located at 4646 North First Street, Fresno, California. This location will provide medical, family practice, obstetrics and gynecology, behavioral health, dental and pharmacy services; and (2) finance the renovation and expansion with tenant improvements of the approximately 10,720 square foot, 10-year leased facility located at 1530 East Manning Avenue, Reedley, California. This location will include 9 dental exam rooms; 2 behavioral health counseling rooms; 16 medical exam rooms; 2 lab/blood draw stations; 3 dedicated lobbies with reception desks; 11 restrooms; 1 employee break room; 1 nurse station; 2 sterilization rooms; and 5 staff offices; all leased, owned or to be owned and operated by OFH in connection with OFH's medical, dental, behavioral health; walk-in urgent type medical, case management, health education and chiropractic services.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, applicable elected representatives of a qualifying governmental unit, such as the Board of Supervisors for the County of Fresno, must conduct a public hearing ("TEFRA Hearing") providing for 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. Prior to the TEFRA Hearing, reasonable notice must be provided to the members of the community. To satisfy that requirement, notice of the TEFRA Hearing was published in The Fresno Bee on September 11, 2017. Following the close of the TEFRA Hearing, the applicable elected representative of the governmental unit with jurisdiction over the area where the Project is located must provide its approval of the issuance of the Bonds. Your Board would provide that approval by adopting the proposed resolution.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY:

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 and other local agencies, including the County, 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 Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

The Joint Exercise of Powers Agreement expressly provides that any member may withdraw from the CMFA upon written notice to the Board of Directors of the CMFA. In the case of the proposed bond financing for OFH, the County could at any time following the issuance of the Bonds, withdraw from the CMFA by providing written notice to the Board of Directors of the CMFA.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A

Exhibit B

On file with Clerk-Resolution

On file with Clerk-Proof of Publication

CAO ANALYST:

Debbie Paolinelli