

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: May 6, 2014 **Approx Start Time:** 11:00 a.m.
Approx Length: 15 Minutes

Presentation Title: Update on Rose Villa Financing Requests

Department: Finance, County Counsel

Presenters: Marc Gonzales, Chris Storey

Other Invitees:

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Update on status of request from Rose Villa.

EXECUTIVE SUMMARY:

Rose Villa, a nonprofit corporation ("Rose Villa") that owns and operates a retirement center in unincorporated Clackamas County, would like to issue debt to accomplish certain capital improvements in an amount of \$65,000,000. It does not have the ability to issue tax-exempt debt directly, but rather must go through a Public Finance Authority ("Issuer") to issue the debt. Rose Villa contemplated working with the City of Milwaukie to be the Issuer, but apparently to meet their desired timeline Rose Villa is now partnering with an already-existing Wisconsin-based Issuer.

The shift in issuer removes the need for the Hospital Facility Authority of Clackamas County to enter into any IGAs or the Board to enter into any agreements. All that remains is a hearing required under the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), specifically Section 147(f) of the Internal Revenue Code. That provision reads in relevant part:

(f) Public approval required for private activity bonds

(1) In general

A private activity bond shall not be a qualified bond unless such bond satisfies the requirements of paragraph

(2).

(2) Public approval requirement

(A) In general

A bond shall satisfy the requirements of this paragraph if such bond is issued as a part of an issue which has been approved by -

(ii) each governmental unit having jurisdiction over the area in which any facility, with respect to which financing is to be provided from the net proceeds of such issue, is located...

(B) Approval by a governmental unit

For purposes of subparagraph (A), an issue shall be treated as having been approved by any governmental unit if such issue is approved -

(i) by the applicable elected representative of such governmental unit after a public hearing following reasonable public notice...

Therefore the Board, as the elected officials having jurisdiction over the area containing the nonprofit entity that wishes to issue debt, must issue an order stating that the Board has concluded that it is acceptable for Rose Villa to issue the debt and allow it to happen.

FINANCIAL IMPLICATIONS (current year and ongoing):

None. Clackamas County will not be issuing, supporting, or guaranteeing the debt issued by Rose Villa in any way.

LEGAL/POLICY REQUIREMENTS:

To effectuate Rose Villa's request, the Board must hold a public hearing and then adopt an order allowing the issuance of the debt.

PUBLIC/GOVERNMENTAL PARTICIPATION:

Study session by Board on April 22nd.

OPTIONS:

- Proceed with public hearing, scheduled for May 22nd.
- Decline to grant authorization, which will remove Rose Villa's ability to issue debt as planned.

RECOMMENDATION:

Hold the public hearing on May 22nd and accept public input on the decision whether or not to issue an order allowing for the debt to be issued.

ATTACHMENTS:

None.

SUBMITTED BY:

Division Director/Head Approval _____
Department Director/Head Approval _____ Director NCPRD
County Administrator Approval _____ Administrator NCPRD

For information on this issue or copies of attachments, please contact Chris Storey @ 503-742-4623