

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as (if applicable)

Study Session Worksheet

Presentation Date: April 22 **Approx Start Time:** 9:00 **Approx Length:** 30 Minutes

Presentation Title: City of Milwaukie Request for Approval to Issue Revenue Bonds for Rose Villa

Department: Finance and County Counsel

Presenters: Marc Gonzales and Chris Storey

Other Invitees: Casey Camors, Finance Director, City of Milwaukie, Doug Goe

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Authorization to proceed to a business meeting for a public hearing to (1) Approve an Order authoring issue of revenue bonds for the Rose Villa Project in an aggregate principal amount not exceeding \$65,000,000 issued by the Hospital Facility Authority of the City of Milwaukie, Oregon; (2) approve an IGA between the Hospital Facility Authorities of the City of Milwaukie and Clackamas County; and (3) approve an Order authorizing a designated representative of the Hospital Facility Authority of Clackamas County to execute and deliver the IGA on behalf of the Authority.

EXECUTIVE SUMMARY:

Rose Villa is a non-profit retirement facility located in Clackamas County. The facility seeks to issue upwards of \$65 million in revenue bonds to fund capital construction projects. IRS regulations require the Board of County Commissioners approve the issuance of those bonds.

Oregon law allows for the formation of a Hospital Facility Authority. The Hospital Facility Authority of Clackamas County has been inactive for some time. The past chair of the board is attorney Andrew Cole. The City of Milwaukie also has a Hospital Facility Authority. State law requires that the two Hospital Facility Authorities to enter into a IGA. The proposed Order would authorize Andrew Cole to sign on behalf of the Clackamas County Hospital Facility Authority.

FINANCIAL IMPLICATIONS (current year and ongoing):

No direct financial impact. The principal of and interest on the Bonds will not constitute a debt of the County, nor shall the Bonds be payable from a tax of any nature levied upon any property within the County.

LEGAL/POLICY REQUIREMENTS:

IRS code requires qualified 501(c)(3) bonds be approved by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects are located. The Board of County Commissioners is the governmental unit having jurisdiction over the area in which the Projects being financed with the proceeds of the Bonds are located.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The Hospital Facility Authority for the City of Milwaukie is the issuer of the bonds.

OPTIONS:

RECOMMENDATION:

Recommend proceeding to a business meeting to hold a public hearing and approve the order approving issuance of the bonds for Rose Villa and associated Intergovernmental Cooperative Agreement.

ATTACHMENTS:

Proposed Orders
Proposed Intergovernmental Cooperative Agreement

SUBMITTED BY:

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

For information on this issue or copies of attachments, please contact Stephen Madkour @ 503-655-5397

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget?

- YES
 NO

START-UP EXPENSES AND STAFFING (if applicable):

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

ANTICIPATED RESULTS:

COSTS & BENEFITS:

Costs:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
Total Start-up Costs							
Ongoing Annual Costs							
Benefits/Savings:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
Total Start-up Benefit/Savings							
Ongoing Annual Benefit/Savings							

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, OREGON**

In the matter of approving the issuance of)
Revenue Bonds (Rose Villa Project), Series)
2014 in an aggregate principal amount not)
exceeding \$65,000,000 issued by the Hospital) ORDER NO. 14- _____
Facility Authority of the City of Milwaukie,)
Oregon, and approving the execution and delivery)
of an Intergovernmental Agreement.)

It appearing before the Board of County Commissioners of Clackamas County, Oregon (the "Board") that the Hospital Facility Authority of the City of Milwaukie, Oregon (the "Issuer"), created by virtue of the authority of the Constitution and the laws of the State of Oregon pursuant to Oregon Revised Statutes 441.525 to 441.595, inclusive, as the same may be amended from time to time (collectively, the "Act"), has received a request from Rose Villa, a nonprofit corporation duly organized and validly existing under the laws of the State of Oregon (the "Borrower") to issue revenue bonds, in one or more series (the "Bonds"), in an aggregate principal amount not exceeding \$65,000,000;

The proceeds of the Bonds are expected to be used to finance costs of the following projects (collectively, the "Projects"): (i) capital construction, development, remodeling and renovation, and acquisition and installation of equipment, for the Borrower's continuing care retirement facilities located within the boundaries of Clackamas County, Oregon (the "County"); and (ii) paying capitalized interest and certain costs of issuance of the Bonds, including funding one or more debt service reserve funds, if necessary;

The Internal Revenue Code of 1986 (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the Borrower;

Section 147(f) of the Code requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects are located, and the Board of the County are the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects being financed with the proceeds of the Bonds are located;

On the date of this Order, the Board conducted a public hearing, adequate notice of this hearing having been published pursuant to Section 147(f) of the Code, to provide a reasonable opportunity for members of the public to express their views regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds;

The principal of and interest on the Bonds will not constitute a debt of the County, nor shall the Bonds be payable from a tax of any nature levied upon any property within the County, nor within any other political subdivision of the State of Oregon. The Issuer has no taxing power. The Bonds will be payable only from revenues and resources provided or arranged by

the Borrower pledged to the payment of the Bonds and any credit enhancement arranged for the Borrower; and

The Board finds that it would be in the best interest of the County to approve the issuance of the Bonds pursuant to the requirements of Section 147(f) of the Code, and the Board being fully advised;

NOW, THEREFORE, IT IS HEREBY ORDERED:

(1) As the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects are located, and having concluded that a public hearing was validly held to provide a reasonable opportunity for members of the public to express their views regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds, the Board approves of the issuance of the Bonds by the Issuer.

(2) This Order is effective immediately upon passage.

DATED this ____ day of May 2014.

**BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, OREGON**

Chair

Recording Secretary

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, OREGON**

In the matter of approving the issuance of)
Revenue Bonds (Rose Villa Project), Series)
2014 in an aggregate principal amount not)
exceeding \$65,000,000 issued by the Hospital) ORDER NO. 14-_____
Facility Authority of the City of Milwaukie,)
Oregon, and approving the execution and delivery)
of an Intergovernmental Agreement.)

It appearing before the Board of County Commissioners of Clackamas County, Oregon (the "Board") that the Hospital Facility Authority of the City of Milwaukie, Oregon (the "Issuer"), created by virtue of the authority of the Constitution and the laws of the State of Oregon pursuant to Oregon Revised Statutes 441.525 to 441.595, inclusive, as the same may be amended from time to time (collectively, the "Act"), has received a request from Rose Villa, a nonprofit corporation duly organized and validly existing under the laws of the State of Oregon (the "Borrower") to issue revenue bonds, in one or more series (the "Bonds"), in an aggregate principal amount not exceeding \$65,000,000;

The proceeds of the Bonds are expected to be used to finance costs of the following projects (collectively, the "Projects"): (i) capital construction, development, remodeling and renovation, and acquisition and installation of equipment, for the Borrower's continuing care retirement facilities located within the boundaries of Clackamas County, Oregon (the "County"); and (ii) paying capitalized interest and certain costs of issuance of the Bonds, including funding one or more debt service reserve funds, if necessary;

The Internal Revenue Code of 1986 (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the Borrower;

Section 147(f) of the Code requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects are located, and the Board of the County are the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects being financed with the proceeds of the Bonds are located;

On the date of this Order, the Board conducted a public hearing, adequate notice of this hearing having been published pursuant to Section 147(f) of the Code, to provide a reasonable opportunity for members of the public to express their views regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds;

The principal of and interest on the Bonds will not constitute a debt of the County, nor shall the Bonds be payable from a tax of any nature levied upon any property within the County, nor within any other political subdivision of the State of Oregon. The Issuer has no taxing power. The Bonds will be payable only from revenues and resources provided or arranged by

the Borrower pledged to the payment of the Bonds and any credit enhancement arranged for the Borrower;

The Issuer is expected to consider a resolution authorizing the sale, execution and delivery of the Bonds and the execution and delivery of an Intergovernmental Agreement ("Intergovernmental Agreement"), in substantially the form attached hereto as Exhibit "A," between the Issuer and the Hospital Facility Authority of Clackamas County, Oregon, a public authority of the State of Oregon created by the Act (the "Clackamas Authority"), pursuant to ORS 190.010 which designates the Issuer as the issuer of the Bonds. Such Intergovernmental Agreement will help provide cost savings to the nonprofit continuing care retirement facilities of the Borrower;

The County is responsible for appointing board members of the Clackamas Authority. Andrew Cole, the most recent Chair of the Clackamas Authority board (the "Designated Representative, has previously had signature authority for documents related to conduit debt issued through the Clackamas Authority; and

The Board finds that it would be in the best interest of the County to approve the issuance of the Bonds pursuant to the requirements of Section 147(f) of the Code, and the Board being fully advised;

NOW, THEREFORE, IT IS HEREBY ORDERED:

(1) As the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Projects are located, and having concluded that a public hearing was validly held to provide a reasonable opportunity for members of the public to express their views regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds, the Board approves of the issuance of the Bonds by the Issuer.

(2) The County authorizes the Designated Representative to execute and deliver the Intergovernmental Agreement on behalf of the Clackamas Authority.

(3) This Order is effective immediately upon passage.

DATED this ____ day of May 2014.

**BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, OREGON**

Chair

Recording Secretary

May __, 2014

Douglas Goe
Orrick, Herrington & Sutcliffe LLP
1120 NW Couch Street, Suite 200
Portland, OR 97209

Re: Signature Authority for Hospital Facility Authority of Clackamas County, Oregon

Dear Mr. Goe:

Clackamas County is responsible for appointing board members of the Hospital Facility Authority of Clackamas County, Oregon ("HFACC"). Andrew Cole, the most recent Chair of the HFACC board, has previously had signature authority for documents related to conduit debt issued through the HFACC.

This letter authorizes Mr. Cole to sign an Intergovernmental Cooperation Agreement between the HFACC and the Hospital Facility Authority of the City of Milwaukie, Oregon (the "Milwaukie Authority") designating the Milwaukie Authority as the issuer of conduit revenue bonds for Rose Villa, a nonprofit senior living provider in Clackamas County.

Sincerely,

John Ludlow
Clackamas County Chair

cc: Board of County Commissioners
Gary Schmidt, Public and Government Affairs
Marc Gonzales, HFACC Liason

EXHIBIT A

FORM OF INTERGOVERNMENTAL AGREEMENT

**INTERGOVERNMENTAL
COOPERATION AGREEMENT**

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT IS BETWEEN THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF MILWAUKIE, OREGON AND THE HOSPITAL FACILITY AUTHORITY OF CLACKAMAS COUNTY, OREGON, RELATING TO THE ISSUANCE BY THE ISSUER OF REVENUE BONDS, IN ONE OR MORE SERIES ON BEHALF OF ROSE VILLA.

This Intergovernmental Cooperation Agreement, dated as of [_____] 1, 2014 (the "Agreement") is made and entered into between the Hospital Facility Authority of the City of Milwaukie, Oregon (the "Issuer") and the Hospital Facility Authority of Clackamas County, Oregon (the "Clackamas Authority"), for the benefit of the continuing care retirement facilities located within the boundaries of Clackamas County, Oregon (the "County") that are owned and operated by Rose Villa, a nonprofit corporation duly organized and validly existing under the laws of the State of Oregon (the "Borrower"). The Issuer proposes the issuance of revenue bonds, in one or more series, in an aggregate principal amount not to exceed \$65,000,000 (the "Bonds"), to finance the following projects (collectively, the "Projects"): (i) capital construction, development, remodeling and renovation, and acquisition and installation of equipment, for the Borrower's continuing care retirement facilities located within the boundaries of the County; and (ii) paying capitalized interest and certain costs of issuance of the Bonds, including funding one or more debt service reserve funds, if necessary.

RECITALS

A. The Issuer and the Clackamas Authority desire to enter into this Agreement to provide economies of scale and cost savings to the continuing care retirement facilities of the Borrower and hereby agree that the Issuer shall act as the issuer of the Bonds for the Projects.

B. The Issuer and the Clackamas Authority acknowledge that they have authority to execute and deliver this Agreement pursuant to ORS 190.010 and ORS 441.575.

C. Projects financed with proceeds from the Bonds are located at the following address:

Rose Villa
13505 SE River Road
Portland, OR 97222

NOW, THEREFORE, it is agreed by and between the Issuer and the Clackamas Authority, as follows:

1. Issuance by Authority. Pursuant to ORS 441.550(6) and 441.555 which provide that an authority may issue revenue bonds to accomplish its purposes and ORS 190.010 which provides that units of local government (including any authority, city or county) may enter into intergovernmental agreements and may agree to designate one of the parties to an intergovernmental agreement to perform any or all functions and activities that a party to the agreement has the authority to perform, the Issuer and the Clackamas Authority agree that the Issuer will be the issuer of the Bonds for the Projects.

2. Further Authority. This Agreement is executed by the parties hereto to clearly identify the Issuer as the issuer of the Bonds for the Projects and to further supplement the existing authority of the Issuer to issue the Bonds for the Projects pursuant to ORS 441.550(8) which provides that an Issuer has the power to loan money for the construction of and improvements to adult congregate living facilities and ORS 441.550(2) which provides that an issuer has the power to improve and equip adult congregate living facilities within or without the corporate limits of the municipality by which it was created.

3. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

4. No Liability on the Bonds. The Issuer and the Clackamas Authority (collectively, the "parties") to this Agreement shall not incur any liability with respect to the Bonds or any related documents or transactions by reason of executing this Agreement, adopting an order, or any other action taken in conjunction with this transaction. The Bonds are special nonrecourse obligations of the Issuer payable solely from revenues or resources provided by Borrower or its affiliates and the Issuer hereby agrees to cause the Borrower to indemnify the parties to this Agreement against any legal actions and to provide a copy of such indemnification to the Clackamas Authority.

5. Counterparts. This Agreement may be executed in one or more counterparts each of which shall constitute an original.

6. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the parties hereby execute and deliver this Intergovernmental Agreement effective as of the day and year first written above.

[SIGNATURE PAGE FOLLOWS]

**HOSPITAL FACILITY AUTHORITY
OF THE CITY OF MILWAUKIE,
OREGON**

By:

Authorized Representative

Signed as of: [_____] , 2014

**HOSPITAL FACILITY AUTHORITY
OF CLACKAMAS COUNTY, OREGON**

By:

Designated Representative

Signed as of: [_____] , 2014