



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

DAVE ROBERTS
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: February 2, 2016

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TO: Board of Supervisors

SUBJECT: NOTICED PUBLIC HEARING: ISSUANCE OF REVENUE OBLIGATIONS BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY FOR THE BENEFIT OF NORTH COUNTY HEALTH PROJECT INCORPORATED IN AN AGGREGATE AMOUNT NOT TO EXCEED \$9,000,000 (DISTRICT: 5)

Overview

The County has received a request from the California Enterprise Development Authority (“CEDA” or “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to approve the Authority’s issuance of Revenue Obligations in an aggregate principal amount not to exceed \$9,000,000 (“Obligations”), on behalf of North County Health Project Incorporated (“Borrower”), a nonprofit public benefit corporation under the laws of the State of California.

CEDA is authorized to assist in financing for nonprofit public benefit organizations or for profit corporations with a public benefit project wishing to issue tax-exempt Obligations, including the Borrower. In order to initiate such a financing, the Borrower is asking the County of San Diego, a member jurisdiction in which the Project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) approve CEDA’s issuance of the Obligations. Although CEDA will be the issuer of the Obligations for the Borrower, the financing cannot proceed without the approval of an applicable legislative body. Today’s recommendations will provide CEDA with the required authorization to pursue its determination to issue the Obligations on behalf of the Borrower for the Project.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.
2. Adopt a Resolution entitled:
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN

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DIEGO APPROVING THE ISSUANCE BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY OF ITS REVENUE OBLIGATIONS FOR THE BENEFIT OF NORTH COUNTY HEALTH PROJECT INCORPORATED IN AN AGGREGATE AMOUNT NOT TO EXCEED \$9,000,000 FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF THE ACQUISITION, CONSTRUCTION, INSTALLATION, EQUIPPING AND FURNISHING OF CERTAIN PROPERTY, PROVIDING THE TERMS AND CONDITIONS FOR SUCH OBLIGATIONS AND OTHER MATTERS RELATING THERETO

Fiscal Impact

If approved, the proposal will result in approximately \$1,000 of unanticipated revenue to be used to reimburse the County for costs associated with this non-County financing.

The Borrower will be responsible for the payment of all present and future costs in connection with issuance of the financing. The County will incur no obligation of indebtedness as a result of these actions.

Business Impact Statement

N/A

Advisory Board Statement

The Debt Advisory Committee, composed of the Chief Operating Officer, the Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation in order to permit the Authority to issue Bonds on behalf of the Borrower.

Background

California Enterprise Development Authority (“Authority”)

The California Enterprise Development Authority provides tax-exempt loans and leases for qualified projects located throughout the State of California. The Authority’s mission is to support economic development, job creation, and social programs throughout the State of California. By assisting nonprofit corporations with various tax-exempt financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

North County Health Project Incorporated (“Borrower”)

North County Health Project Incorporated is a federally funded Community Health Clinic which began its operations in 1971 and has served primarily the rural areas of Ramona, Pauma Valley and San Marcos in North San Diego County. Because physicians practicing in these communities were unwilling to treat low-income patients, a small group of health professionals came together

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to contract with UCSD to provide much-needed health services. The facilities provide a wide variety of medical services including adult medicine, pediatric care, behavioral health, women's health services, dental care and other services to a broad segment of the North San Diego County community.

Since their early inception, the Borrower has grown to ten health centers to fully cover the gaps in health services throughout the North County. These centers are located in five cities serving rural, semi-rural, suburban and urban populations in Ramona, San Marcos and the coastal cities of Encinitas, Carlsbad and Oceanside. In addition, the Borrower operates two fully-equipped, mobile clinics to better serve migrant farm workers and their families, as well as schools and others who have significant access barriers. In 2015, the Borrower served more than \$62,500 low-income, working-poor residents.

Project

The Borrower intends to use the proceeds of the financing to (1) refinance the cost of an existing health center, approximated 12,000 square feet, located in Oceanside, California, (2) finance the acquisition of real property adjacent to the Borrower's headquarters facilities in San Marcos, California, and (3) finance the acquisition of real property for future construction of a new health clinic located on two parcels in Ramona, California.

Public Benefit

The Borrower's mission is to provide health services to low-income patients located in five cities serving rural, semi-rural, suburban and urban populations in Ramona, San Marcos and the coastal cities of Encinitas, Carlsbad and Oceanside. In addition, the Borrower operates two fully-equipped, mobile clinics to better serve migrant farm workers and their families, as well as schools and others who have significant access barriers. They seek to improve the health status of the diverse communities they serve by providing quality healthcare that is comprehensive, affordable, and culturally sensitive.

County Involvement

Section 147(f) of the Internal Revenue Code requires that the applicable elected body, with respect to the Project, hold a public hearing and approve the issuance and delivery of the Obligations. The Board of Supervisors of the County of San Diego, as an applicable elected body, is requested to (1) hold a public hearing at which all those interested in speaking with respect to the financing of the Project can be heard and (2) approve the issuance of Obligations. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations.

Linkage to the County of San Diego Strategic Plan

Today's proposed action supports the Sustainable Environments Strategic Initiative in the County of San Diego's 2015-2020 Strategic Plan by supporting and allowing the issuance of tax-exempt and/or taxable revenue obligations by CEDA for North County Health Project

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Incorporated to refund the Borrower's existing indebtedness, as well as to finance the construction and renovation of facilities located in North San Diego County.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

1. County Resolution
2. Notice of Public Hearing
3. CEDA Application with description of Borrower and Project

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

June 24, 2014 (8) ISSUANCE OF REVENUE OBLIGATIONS BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY FOR THE BENEFIT OF NORTH COUNTY HEALTH INCORPORATED IN AN AGGREGATE NOT TO EXCEED \$3,000,000.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Finance and General Government Group

OTHER CONCURRENCES(S): Debt Advisory Committee

CONTACT PERSON(S):

Michele Crichlow

Name
(619) 531-6403

Phone
Michele.Crichlow@sdcounty.ca.gov

E-mail

Antoinette Chandler

Name
(619) 531-5686

Phone
Antoinette.Chandler2@sdcounty.ca.gov

E-mail