DATE: August 11, 2016

FROM: Wayne Lowry  Finance  6559

TITLE OF AGENDA ITEM:
Consideration of resolution 2016-023 approving issuance of Hospital Revenue Bonds by the Hospital Facility Authority of Deschutes County

PUBLIC HEARING ON THIS DATE? Yes

BACKGROUND AND POLICY IMPLICATIONS:
The Hospital Facility Authority of Deschutes County was established many years ago to provide a mechanism to allow the issuance of tax-exempt debt to fund Hospital System improvements in Deschutes County. Board of County Commissioner Alan Unger is a member of the Hospital Facility Board and currently serves as the Chair. Bonds issued by the Authority are not an obligation of Deschutes County or the Authority. The bonds are solely the obligation of the St Charles Health System.

St Charles Health System has made a request of the Authority to issue Bonds in the amount of $201,000,000. $124,000,000 is expected to be used to refinance previous bond issues to lower borrowing costs and the balance of $77,000,000 is expected to be used to fund Hospital improvements in Deschutes County. A hearing is required before the Board of County Commissioners giving the public the opportunity to comment on the use of the bond proceeds. The hearing was properly noticed. Once the hearing is complete, the Authority requests that the Board of County Commissioners Approve resolution 2016-023 approving the issuance of the bonds. The attached resolution 2016-023 sets forth all the details relevant to the bond transaction and once approved will allow for the issuance of the Bonds.

FISCAL IMPLICATIONS:
No fiscal implications. The Bonds will not be obligations of Deschutes County or the Hospital Facility Authority but will be solely payable from revenues of the St Charles Health System.

RECOMMENDATION & ACTION REQUESTED:
Approve the resolution to authorize the Bond Issue

ATTENDANCE: Wayne Lowry, Deschutes County Finance
Doug Goe, Orrick Law Firm, representative of St Charles.

DISTRIBUTION OF DOCUMENTS:
WHEREAS, the Board of County Commissioners (the “Board”) of Deschutes County, Oregon (“County”) acknowledges that The Hospital Facility Authority of Deschutes County, Oregon (“Authority”) has received a request from St. Charles Health System, Inc., a nonprofit corporation organized and existing under the laws of the State of Oregon (“Borrower”) to issue its Hospital Revenue Bonds, Series 2016 (St. Charles Health System), in one or more series (the “Bonds”), pursuant to a plan of finance, in an aggregate issue price not to exceed $201,000,000; and

WHEREAS, the proceeds of the Bonds are expected to be used for the purpose of (i) refinancing all or a portion of prior debt obligations issued by the Issuer on behalf of the Borrower, in an amount not to exceed $124,000,000, which financed and refinanced the costs of capital construction, acquisition, development, improvements, renovations and equipment located in Deschutes County at: 2500 NE Neff Road, Bend, OR 97701; 2600 NE Neff Road, Bend, OR 97701; 2042 NE Williamson Court, Bend, OR 97701; 2100 NE Wyatt Court, Bend, OR 97701; 2275 NE Doctors Drive, Suite 5, Bend, OR 97701; 2542 NE Courtney Drive, Bend, OR 97701; 2965 NE Conners Ave., Suite 127, Bend, OR 97701; 1253 NW Canal Blvd., Redmond, OR 97756; 1541 NW Canal Blvd., Redmond, OR 97756; 1245 NW 4th Street, Suite 101, Redmond, OR 97756; 211 NW Larch Ave., Redmond, OR 97756; 213 NW Larch Ave., Suite B, Redmond, OR 97756; 655 NW Jackpine Ave., Redmond, OR 97756; and 630 N Arrowleaf Trail, Sisters, OR 97759 (collectively, the “Deschutes County Facilities”); in the City of Madras at 470 NE A Street, Madras, OR 97741; and in the City of Prineville at 384 SE Combs Flat Road, Prineville, OR 97754; and (ii) financing all or a portion of the costs of capital construction, acquisition, development, improvements, renovations and equipment, in an amount not to exceed $77,000,000, at the healthcare facilities of the Borrower located at the Deschutes County Facilities (collectively, the “Projects”); and
WHEREAS, 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 any other political subdivision of the State of Oregon. The Authority has no taxing power. The Bonds will be payable only from the revenues and resources provided by the Borrower; and

WHEREAS, 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; and

WHEREAS, 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 County Commissioners of Deschutes County are the applicable elected representatives of the governmental unit having jurisdiction over the portion of the projects being financed with the proceeds of the Bonds located in the County; and

WHEREAS, on the date of this Resolution, 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; and

WHEREAS, on August 15, 2016, the Authority adopted a Resolution authorizing the sale and issuance of the Bonds; and

WHEREAS, if deemed necessary and desirable, the Common Council of the City of Madras and the City Council of the City of Prineville will conduct public hearings and adopt resolutions approving the issuance of the Bonds by the Authority for the portion of the Projects located in their respective jurisdictions and authorizing the execution and delivery of an intergovernmental cooperation agreement; and

WHEREAS, the County finds that it would be in the best interest of the County to approve of the issuance of the Bonds by the Authority pursuant to the requirements of Section 147(f) of the Code;

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON, as follows:

Section 1. As the applicable elected representatives of the governmental unit having jurisdiction over the Authority and over the area in which a portion of 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 of the County approves of the issuance of the Bonds by the Authority.

Section 2. This resolution is effective immediately upon passage.
Dated this 15th day of August, 2016.

BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON

______________________________
ALAN UNGER, Chair

______________________________
TAMMY BANEY, Vice Chair

ATTEST:

______________________________
Recording Secretary

______________________________
ANTHONY DEBONE, Commissioner
I, Debby Winikka, a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years, and not party to or interested in the above-entitled matter. I am the principal clerk of the printer of The Bulletin

1777 SW Chandler Ave, Bend OR 97702

a daily newspaper of general circulation, published in the aforesaid county and state as defined by ORS 193.010 and ORS 193.020, that

Acct Name: St. Charles Health System - Legals
Case:
Legal Description: LEGAL NOTICE,

NOTICE OF PUBLIC HEARING: August 15, 2016, 10:00 a.m., Deschutes County Administration Building Commissioners' Hearing Room, 1300 NW Wall...

a printed copy of which is hereto affixed was published in each regular and entire issue of the said newspaper and not in any supplement thereof on the following dates, to wit:

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I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Bend, Oregon, this 4 day of August, 2016.

Signature

AdName: 20775866A

State of Oregon, County of Deschutes

Subscribed and Sworn to before me this 4 day of Aug., 2016, by Debby Winikka

K.R. MCCOOL

Notary Public for Oregon
The Board of Directors of Arnold Irrigation District will hold their regular monthly board meeting on Tuesday, August 9, 2016 at 3:00 pm. The meeting will be held at the District offices located at 19604 Buck Canyon Rd., Bend, OR.

LEGAL NOTICE
NOTICE OF PUBLIC HEARING: August 15, 2016, 10:00 a.m., Deschutes County Administration Building, Commissioners Hearing Room, 1300 NW Wall Street, Bend, Oregon 97703. NOTICE IS HEREBY GIVEN that a Public Hearing will be held by the Deschutes County Board of Commissioners (the "Board of Commissioners") on Monday, August 15, 2016, at 10:00 a.m. in the Commissioners' Hearing Room at the Deschutes County Administration Building, 1300 NW Wall Street, Bend, Oregon 97703. The purpose of the meeting is to conduct a public hearing for the purpose of hearing public comment on a request by St. Charles Health System, an Oregon nonprofit corporation (the "Borrower"), to The Hospital Authority of Deschutes County, Oregon (the "Issuer") to issue its revenue bonds, in one or more series pursuant to a plan of financing, with an aggregate issue price not to exceed $201,000,000 (the "Bonds"). The proceeds of the Bonds are expected to be used for the purpose of (i) refinancing all or a portion of prior debt obligations issued by the Issuer on behalf of the Borrower, in an amount not to exceed $124,000,000, which financed and refinanced the costs of capital construction, acquisition, development, improvements, renovations and equipment located in Deschutes County at: 2500 NE Neff Road, Bend, OR 97701; 2600 NE Neff Road, Bend, OR 97701; 2042 NE Williamson Court, Bend, OR 97701; 2100 NE Wyatt Court, Bend, OR 97701; 2275 NE Doctors Drive, Suite 5, Bend, OR 97701; 2542 NE Courtney Drive, Bend, OR 97701; 2965 NE Conners Ave., Suite 127, Bend, OR 97701; 1233 NW Canal Blvd., Redmond, OR 97756; 1541 NW Canal Blvd., Redmond, OR 97756; 1243 NW 4th Street, Suite 101, Redmond, OR 97756; 211 NW Larch Ave., Redmond, OR 97756; 213 NW Larch Ave., Suite B, Redmond, OR 97756; 655 NW Jackpine Ave., Redmond, OR 97756; and 630 N Arrowleaf Trail, Sisters, OR 97759 (collectively, the "Deschutes County Facilities"); in the City of Madras at 470 NE A Street, Madras, OR 97741; and in the City of Prineville at 364 SE Combs Flat Road, Prineville, OR 97754; and (ii) financing all or a portion of the costs of capital construction, acquisition, development, improvements, renovations and equipment, in an amount not to exceed $77,000,000, at the healthcare facilities of the Borrower located at the Deschutes County Facilities (collectively, the "Projects"). The Borrower is the owner of the Projects. The principal of and interest on the Bonds will not constitute a debt of the Issuer or Deschutes County, Oregon (the "County"), nor shall the Bonds be payable from a tax of any nature levied upon any property within the County or the Cities of Madras or Prineville, 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 and any credit enhancement arranged for the Borrower. Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that qualified 501(c)(3) bonds, such as the Bonds, must be approved by the applicable elected representatives of the governmental unit issuing such bonds and the applicable elected representatives of a government unit having jurisdiction over the area in which the assets are located. The Board of Commissioners, as the applicable elected representatives of the County, will consider a Resolution approving the issuance of the Bonds by the Issuer to finance the Projects. The purpose of the public hearing will be to provide a reasonable opportunity for members of the public to express their views, orally or in writing, regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds. The hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views to be heard on the question of the issuance of the Bonds. Written comments may be delivered at the public hearing or mailed to the County at the address indicated above. This notice is published pursuant to the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended and the regulations and rulings issued thereunder. DESCHUTES COUNTY, OREGON. Published: August 1, 2016.