



MARION COUNTY BOARD OF COMMISSIONERS

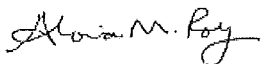
## Board Session Agenda Review Form

Meeting date: June 29, 2016

Department: Board of Commissioners Agenda Planning Date: June 23, 2016 Time required: 30 min

☐ Audio/Visual aids

Contact: Gloria Roy Phone: 5220

Department Head Signature:  


### TITLE

Consider approval of an order authorizing the issuance, sale and delivery of tax-exempt revenue obligations of the Hospital Facility Authority of the City of Salem in the amount of \$13,000,000 for the Yakima Valley Farm Workers Clinic project and approve an intergovernmental agreement between the Authority and the County to be signed by the chair or designee.

### Issue, Description & Background

The Hospital Authority of Salem, Oregon (the Authority) is a limited public authority created under ORS 441.525 to 441.595 for the purpose of providing hospital facilities, including the authority to issue revenue obligations to finance hospital facilities. The Authority does not have the right to levy taxes, and any revenue bonds or obligations are not a debt, general obligation or charge against the municipality where the hospital facility is located. The Yakima Valley Farmworkers Clinic, a nonprofit corporation, (Borrower), proposes to purchase and remodel a former big box store located at 255 Lancaster Drive, Salem, into a nonprofit health facility through financing from the Authority. Because the location is outside of the Salem city limits, Marion County is the municipality that must hold a public hearing and give its consent to the financing. In addition, because the Authority's jurisdiction is within the City of Salem, an intergovernmental agreement is required for it to extend its financing authority to a project outside of the city limits.

### Financial Impacts:

None to Marion County

### Impacts to Department & External Agencies

Allows the Authority to issue revenue bonds or obligations in the amount of \$13,000,000 on behalf of the Yakima Valley Farmworkers Clinic to be repaid from Borrower's revenues or resources.

### Options for Consideration:

1. Approve the Order and Intergovernmental Agreement
2. Do not approve the Order or Intergovernmental Agreement
3. Take no action at this time

### Recommendation:

Option 1 is recommended as it does not create an obligation on the county and allows the financing of the project to proceed.

### List of attachments:

Proposed Order  
Proposed Intergovernmental Agreement  
Project description from Yakima Valley Farmworkers Clinic

### Presenter:

Gloria Roy, Marion County Counsel, and Orrick, Herrington & Sutcliffe, for the Authority



MARION COUNTY BOARD OF COMMISSIONERS

## Board Session Agenda Review Form

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Copies to:

[groy@co.marion.or.us](mailto:groy@co.marion.or.us)  
[agardener@orrick.com](mailto:agardener@orrick.com)

**NOTICE OF PUBLIC HEARING  
MARION COUNTY, OREGON**

**Wednesday, June 29, 2016, 9:30 a.m.**

**Marion County Courthouse Square  
555 Court Street NE, Salem, Oregon 97301**

A public hearing will be held by the Board of Commissioners (the "Board") of Marion County, Oregon (the "County"), on Wednesday, June 29, 2016 at 9:30 a.m. in the Senator Hearing Room at Courthouse Square, located at 555 Court Street NE, Salem, Oregon 97301, for the purpose of hearing public comment on a request by Yakima Valley Farm Workers Clinic, a nonprofit corporation organized and existing under the laws of the State of Washington and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"), to the Hospital Facility Authority of the City of Salem, Oregon (the "Authority"), to issue debt obligations, in one or more series, in an aggregate principal amount not to exceed \$13,000,000 (the "Bonds"), to finance the costs of, or the reimbursement for, the acquisition, design, development, remodel, construction, improvements, renovations and equipping of a multi-service clinic, including, but not limited to, medical, dental, pharmacy, laboratory, behavioral health, WIC and community health services, and related facilities (collectively, the "Project").

The Project will be located at 255 Lancaster Drive NE, Salem, Oregon 97301, and will be owned and operated by 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 issuing such bonds (the Authority), and by the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Project is located (the Board). The Board, as the governmental unit having jurisdiction over the area in which the Project is located, will consider a resolution approving the issuance of the Bonds by the Authority following the public hearing. Separately, the City Council of the City of Salem, Oregon, as the applicable elected representatives of the Authority, will consider a resolution approving the issuance of the Bonds by the Authority.

The principal of and interest on the Bonds will not constitute a debt of the County or the City of Salem, Oregon (the "City"), nor shall the Bonds be payable from a tax of any nature levied upon any property within the County, the City or any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources of the Borrower pledged to the payment of the Bonds. The Authority has no taxing power.

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 PO Box 14500, Salem, OR 97309, in care of the County Clerk.

This notice is published pursuant to the public approval requirements of Section 147(f) of the Code and the regulations and rulings issued thereunder.

**BOARD OF COMMISSIONERS  
MARION COUNTY, OREGON**

Published: June 15, 2016.

**BEFORE THE BOARD OF COMMISSIONERS**

**FOR MARION COUNTY, OREGON**

In the Matter of Approving the Issuance,                     )  
Sale and Delivery of Tax-Exempt Revenue                     )  
Obligations (Yakima Valley Farm Workers                     )  
Clinic Project), by the Hospital Facility                     )  
Authority of the City of Salem, Oregon and                     )  
Approval of Execution and Delivery of an                     )  
Intergovernmental Agreement.                                     )

**ORDER No. \_\_\_\_\_**

WHEREAS, this matter came before the Marion County Board of Commissioners (the "Board") at its regularly scheduled public meeting Wednesday, June 29, 2016, to consider, following a public hearing, the approval of the issuance, sale and delivery of tax-exempt revenue obligations, in one or more series, in an aggregate principal amount not to exceed \$13,000,000 (the "Bonds"), by the Hospital Facility Authority of the City of Salem, Oregon (the "Authority"), on behalf of the Yakima Valley Farm Workers Clinic (the "Borrower"), a nonprofit corporation organized and existing under the laws of the State of Washington and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and approval of the execution and delivery of an Intergovernmental Agreement between Marion County, Oregon (the "County") and the Authority;

WHEREAS, the proceeds of the Bonds will be used by the Borrower for the purpose of financing the costs of, or the reimbursement for, the acquisition, design, development, remodel, construction, improvements, renovations and equipping of a multi-service clinic, including, but not limited to, medical, dental, pharmacy, laboratory, behavioral health, WIC and community health services, and related facilities, to be owned and operated by the Borrower at 255 Lancaster Drive NE, Salem, Oregon 97301 (collectively, the "Project").

WHEREAS, Section 147(f) of the Code, requires that qualified 501(c)(3) obligations, such as the Bonds, be approved by the applicable elected representatives of the governmental unit issuing such obligations and the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Project is located. The Board of the County is the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located; and

WHEREAS, the Code authorizes the issuance of revenue obligations for a "qualified 501(c)(3) organization," such as the Borrower; and

WHEREAS, on April 26, 2016, the Authority adopted a Resolution (the "Resolution"), in which it agrees to issue the Bonds pursuant to law and loan the proceeds to the Borrower. The

Resolution authorizes the execution and delivery of an Intergovernmental Cooperation Agreement (the "Intergovernmental Agreement") in substantially the form attached hereto as Exhibit "A," between the Authority and the County pursuant to Oregon Revised Statutes 190.010 which designates the Authority as the issuer of the Bonds. Such Intergovernmental Agreement will help provide cost savings to the nonprofit health facilities in the community; and

WHEREAS, on July 11, 2016, the City Council of the City of Salem, Oregon (the "City"), as the governmental unit having jurisdiction over the Authority, is scheduled to adopt a Resolution approving of the issuance of the Bonds by the Authority, following a public hearing; and

WHEREAS, the principal of and interest on the Bonds will not constitute a debt of the County, the Authority or the City, nor shall the Bonds be payable from a tax of any nature levied upon any property within the County or the City, 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 its affiliates; and

WHEREAS, the Board, as the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Project is located, has been requested to conduct a public hearing and approve of the issuance of the Bonds by the Authority. Notice of the public hearing held by the Board was published June 15, 2016, in the *Statesman Journal*. The public hearing is intended to provide a reasonable opportunity for members of the public to be heard by the Board regarding the Project. The Board has conducted the public hearing regarding the issuance of the Bonds and invited oral and written comments from the public; and

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

IT IS HEREBY ORDERED that:

(1) As the applicable elected representatives of the governmental unit having jurisdiction over the area in which the Project is located, and having held the public hearing, the Board approves the issuance of the Bonds, in one or more series, by the Authority in an aggregate principal amount not exceeding \$13,000,000; and

(2) The Board authorizes the execution and delivery of the Intergovernmental Agreement and any other action necessary in connection with the Bonds. Such documents shall be executed by the Chair or a Commissioner of the Board, or their designee, for and on behalf of the County.

DATED at Salem, Oregon, this 29th day of June 2016.

MARION COUNTY BOARD OF COMMISSIONERS

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Chair

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Commissioner

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Commissioner

Attachment: Form of Intergovernmental Agreement

## EXHIBIT A

### FORM OF INTERGOVERNMENTAL AGREEMENT

**THIS INTERGOVERNMENTAL COOPERATION AGREEMENT IS BETWEEN THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF SALEM, OREGON AND MARION COUNTY, OREGON, RELATING TO THE ISSUANCE BY THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF SALEM, OREGON OF REVENUE BONDS.**

This Intergovernmental Cooperation Agreement, dated as of June 29, 2016 (the "Agreement") is made and entered into between the Hospital Facility Authority of the City of Salem, Oregon (the "Authority") and Marion County, Oregon (the "County") for the benefit of hospital facilities located in an area of the County nearby but not within the boundaries of the City of Salem, Oregon (the "City"), that are or will be owned and operated by the Yakima Valley Farm Workers Clinic, a nonprofit corporation organized and existing under the laws of the State of Washington and authorized to do business in the State of Oregon (the "Borrower"). At its meeting on April 26, 2016, the Authority authorized the issuance of revenue bonds, in one or more series, in an aggregate principal amount not to exceed \$13,000,000 (the "Bonds") to finance the acquisition, design, development, remodel, construction, improvements, renovations and equipping of a multi-service clinic, including, but not limited to, medical, dental, pharmacy, laboratory, behavioral health, WIC and community health services, and related facilities (collectively, the "Project").

### RECITALS

A. The Authority and the County desire to enter into this Agreement to provide economies of scale and cost savings to the nonprofit health facilities in their respective communities and hereby agree that the Authority shall act as the issuer of the Bonds for the Project.

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

C. The Project expected to be financed with proceeds from the Bonds is located at the following address:

Yakima Valley Farm Workers Clinic  
255 Lancaster Drive NE  
Salem, Oregon 97301

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

1. Issuance by Authority. Pursuant to ORS 441.550(6) and 441.555 which provide that a hospital authority may issue revenue obligations 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 Authority and the County agree that the Authority will be the issuer of the Bonds for the Project.

2. Further Authority. This Agreement is executed by the parties hereto to clearly identify the Authority as the issuer of the Bonds for the Project and to further supplement the existing authority of the Authority to issue the Bonds for the Project pursuant to ORS 441.550(8) which provides that an Authority has the power to loan money for the construction of and improvements to hospital facilities, such as the Project, and ORS 441.550(2) which provides that an Authority has the power to improve and equip hospital facilities, such as the Project, 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 Revenue Notes. The County and the 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 a special nonrecourse obligation of the Authority payable solely from revenues or resources provided by Borrower or its affiliates and the Authority 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 County. The Authority has no taxing power. The principal of and interest on the Bonds will not constitute a debt of the City, the County or the Authority, nor shall the Bonds be payable from a tax of any nature levied upon any property within the City or the County nor any other political subdivision of the State of Oregon.

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.

[SIGNATURE PAGES FOLLOW]

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

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

By: \_\_\_\_\_  
Chair

*[SIGNATURE PAGE OF THE COUNTY FOLLOWS]*

**MARION COUNTY, OREGON**

By: \_\_\_\_\_  
Name:  
Title:

*[SIGNATURE PAGE OF THE AUTHORITY PRECEDES]*



## Yakima Valley Farm Workers Clinic

April 7, 2016

Mr. Michael S. Compton  
Chairman  
Hospital Facility Authority Board  
Pioneer Trust Bank  
P.O. Box 2305  
Salem, OR 97308

Dear Mr. Compton:

Please consider this letter as the Yakima Valley Farm Workers Clinic's application for tax exempt financing for a health care clinic in Salem Oregon.

### **Project Description**

This project involves the interior remodel of an existing 35,854 square foot "Big Box" store building located at 255 Lancaster Drive NE, Salem, Oregon 97301-5155. Yakima Valley Farm Workers Clinic (YVFWC) purchased the building in May 2015 and plans to remodel the existing facility to create a multi-service clinic. Patient services provided will be Family Practice medicine, Dentistry, Pharmacy, Diagnostic, Laboratory, Behavioral Health Services, WIC and Community Health Services. The facility will have 30 patient exam rooms, 12 dental chairs, 8 WIC or CHS consultation rooms, a full service pharmacy, and 2 large and 4 small offices for patient education. Clinic capacity will be 10 medical providers working in the clinic at one time, 3 dentists with 2 hygienists, and 2 pharmacists. There is also 5,000 square feet of future growth space for offices, a centralized call center for Oregon, and optometry clinic.

The medical clinic is arranged into two pods, each with a central, shared Care Team space, patient toilets and Clean Work/Dirty area. All exam rooms are viewable from the Care Team space. Between the two pods are shared support services such as Lab/phlebotomy, ultrasound and NST diagnostic spaces. Each Care team space will be open and design for up to 3 Providers, 2 mid-levels, 1 Behavior Health Consultant, 1 Registered Dietician, 1 Social Worker, and 1-2 Community Health Workers to all work collaboratively. The Care Team providers will also have a shared private office where more quiet activities can take place. YVFWC is implementing Epic software for its medical record and practice management systems and in 2013 became certified as a level three Patient Centered Medical Home. In the future, staffing for the front reception may become much different and this design allows for these changes to be accommodated.

The existing building is laid out around a central "Galleria" that serves as a circulation area and shared waiting area and allows the medical and dental clinic, pharmacy and program

Central Administration  
604 West 1st Avenue | Toppenish, WA 98948  
Phone 509-865-5898 | Fax 509-865-4337 | [www.yvfwc.com](http://www.yvfwc.com)

We are happy to be your neighbor.

offices to be open diverse hours. Shared patient toilets and staff toilets are located here so that the various areas of the facility can be used after hours without security being an issue. Except for the existing walls, slab on grade floor and roof structure, all other building systems and walls will be new including lighting, HVAC, electrical, communications and roofing. Natural lighting into the building will be achieved through both skylights and some new wall penetrations. The site has very adequate parking at 150 spaces, but will need an overlay and upgraded parking lot lighting.

An asbestos and hazardous material assessment was performed prior to the purchase of the property. The change of use of the property from retail to medical office is an allowed use in the zoning. This project is to be completed under a design-build contract with The Neenan Company.

#### **Proposed Financing**

Bank of American has stated its interest in the financing of the project through a tax exempt direct placement loan. Based upon the current budget and a loan to value ratio of 80%, the sources and uses of funds are as shown below.

#### **Yakima Valley Farm Workers Clinic Salem Clinic Project Sources and Uses of Funds**

##### **Sources**

	Bank of America direct purchase	YVFWC funds	Total
Total	\$ 12,750,000	\$ 6,332,088	\$ 19,082,088

##### **Uses**

Acquisition of property	\$ 1,335,610	\$ 3,549,390	\$ 4,885,000
Design fees	893,677	-	893,677
Construction cost	10,520,713	-	10,520,713
Equipment and furnishings		2,782,698	2,782,698
Total	\$ 12,750,000	\$ 6,332,088	\$ 19,082,088

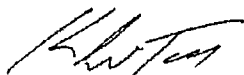
#### **Proposed Financing Schedule**

**Yakima Valley Farm Workers Clinic  
Salem Clinic Project  
Proposed Application of Financing**

Month distributed	Bank of America direct purchase	YVFWC funds	Total
April 2016		\$ 1,175,714.76	\$ 1,175,714.76
May 2016		\$ 608,381.25	608,381.25
June 2016	4,885,000.00	\$ 6,335,250.00	6,335,250.00
July 2016	1,114,922.00	\$ 491,652.00	1,606,574.00
August 2016	1,262,599.55	589,456.70	1,852,056.25
September 2016	1,866,219.08	204,130.92	2,070,350.00
October 2016	1,428,014.85	236,241.40	1,664,256.25
November 2016	1,401,380.42	1,056,893.56	2,458,273.99
December 2016	670,372.81	468,535.96	1,138,908.78
January 2017	121,491.36	50,831.81	172,323.17
	<u>\$ 12,750,000</u>	<u>\$ 11,217,088</u>	<u>\$ 19,082,088</u>

Thank-you for the Authority's consideration of this project and please let me know as to the next step in pursuing tax exempt status.

Sincerely,



K. Peter Toop  
Chief Financial Officer