

RESOLUTION NO. RES-2023-006

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING THE ISSUANCE OF REVENUE BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$465 MILLION BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR AURORA SANTA ROSA HOSPITAL, A MENTAL HEALTH FACILITY, LOCATED AT 1265 THROUGH 1287 FULTON ROAD AND 2598 GUERNEVILLE ROAD, FOR THE BENEFIT OF QCF/I, INC., A 501(C)(3) NONPROFIT HEALTHCARE ORGANIZATION IN ACCORDANCE WITH SECTION 147(f) OF THE INTERNAL REVENUE CODE AND THE JOINT EXERCISE OF POWERS AGREEMENT RELATING TO SAID AUTHORITY

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), certain public agencies (the “Members”), have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “CMFA Agreement”) in order to form the California Municipal Finance Authority (the “Authority”), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members and to exercise additional powers granted to it in the Act, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the City of Santa Rosa (“City”) is a Member of the Authority; and

WHEREAS, QCF/I, Inc., a 501(c)(3) nonprofit healthcare organization (“QCF”), and referred to as the (“Borrower”) has requested that the California Municipal Finance Authority (the “Authority”) participate in the issuance of revenue bonds in an aggregate principal amount not to exceed \$465 million to Aurora Santa Rosa Hospital (the “Bonds”), for the purpose of lending the proceeds thereof to the Borrower for acquisition, construction, renovation, and/or equipping of the Aurora Santa Rosa Hospital, and related facilities, including funding reserve funds and funding capitalized interest and costs of issuance of the Bonds (“Santa Rosa Hospital Project” or the “Project”); and

WHEREAS, the Santa Rosa Hospital Project will be directly or indirectly owned by QCF; and

WHEREAS, Section 4 of the CMFA Agreement requires the City, as the Member in whose jurisdiction the Project is situated, to approve the Project and the issuance of the Bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that an “applicable elected representative” of the governmental unit (i) on behalf of which the Bonds are issued and (ii) the geographic jurisdiction of which contains the site of the facilities to be financed with the proceeds of the Bonds, hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds following such hearing; and

WHEREAS, on November 16, 2021, City Council held a public hearing and approved the issuance of bond financing from CMFA. Due to COVID-19 related delays in obtaining the

necessary hospital licensing, the issuance of bonds did not occur within one year from initial approval and resulting in the request for a new public hearing and approval, as required pursuant to tax code section 147(f); and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement"), among certain local agencies, including the City; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is the applicable elected representative under Section 147(f) of the Code and all components of the Project are within the geographic jurisdiction of the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing on January 10, 2023 regarding the issuance of the Bonds, and now desires to approve the issuance by the Authority of the portion of the Bonds allocated to Aurora Santa Rosa Hospital; and

WHEREAS, the City Council understands that its actions in holding this public hearing and in approving this Resolution do not obligate the City in any manner for payment of the principal, interest, fees or any other costs associated with the issuance of the Bonds, and said City Council expressly conditions its approval of this Resolution on that understanding; and

WHEREAS, this action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 in that the issuing of bonds would not have a significant impact on the environment. However, at the time of future development proposals, additional environmental analysis may be required to analyze the potential environmental impacts associated with specific development projects and uses proposed at specific locations.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Santa Rosa, as follows:

1. The City Council hereby approves the Project and the issuance of the Bonds by the Authority for the Project in an aggregate amount not to exceed Four Hundred Sixty-Five Million Dollars (\$465,000,000) for the purposes of financing the Project described herein. It is the purpose and intent of the City Council that this Resolution constitute approval of the Project and the issuance of the Bonds by the Authority for the Project for the purposes of (a) Section 147(f) of the Code, by the applicable elected representative of the governmental unit on behalf of which the Authority is issuing the portion of the Bonds allocable to the Project and having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f) of the Code and (b) Section 4 of the Agreement.
2. The foregoing approval is consistent with the budgetary and financial circumstances of the City in that there are no funds of the City that are reasonably expected to be (i)

reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the City, or any public entity controlled by the City, for the acquisition, construction, improvement, equipping or operation of the existing mental health facility, or for the repayment of the Bonds. The Project is to be paid for entirely from funding sources other than the City; the City shall not be responsible in any manner for the acquisition, construction, improvement, equipping or operation of the Project, or for the repayment of the Bonds or any other funding source for the Project.

3. The City Council expressly conditions its approval of this Resolution on its understanding that the City shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the Authority's issuance of the Bonds for the financing of the Santa Rosa Hospital Project or for any other purpose.
4. The adoption of this Resolution is solely for the purpose of meeting the requirements of the Code, applicable United States Treasury Regulations and the CMFA Agreement, and shall not be construed in any other manner. Neither the City nor its staff has fully reviewed or considered the financial feasibility of the Project or the expected operation of the Project with regards to any State of California statutory requirements, and the adoption of this Resolution shall not obligate the City or any department of the City, without further formal action to be taken by this City Council, including, but not limited to, the approval of any financing documents, (i) to provide financing to the Borrower for the acquisition, construction, improvement or equipping of the Project or to issue bonds for purposes of such financing; or (ii) to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, improvement, equipping or operation of the Project.

IN COUNCIL DULY PASSED this 10th day of January, 2023.

AYES: (7) Mayor N. Rogers, Vice Mayor MacDonald, Council Members Alvarez, Fleming, Okrepkie, C. Rogers, Stapp

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney