



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

County Manager's Office

**DATE:** September 18, 2001

**BOARD MEETING DATE:** October 23, 2001

**TO:** Honorable Board of Supervisors

**FROM:** Paul Scannell, Assistant County Manager *Paul Scannell*

**SUBJECT:** Public Hearing and Approval of California Statewide Communities  
Development Authority Revenue Bonds for the benefit of Kaiser Foundation  
Hospitals

**Recommendation**

Conduct a public hearing regarding the issuance by California Statewide Communities Development Authority ("CSCDA") of bonds for the benefit of Kaiser Foundation Hospitals and affiliates ("Kaiser") and refinancing the acquisition, improvement and equipping of certain facilities known as South San Francisco Medical Center, located within the County of San Mateo. Following the hearing, adopt a resolution approving such bond issuance.

**Background**

Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("Kaiser"), is currently obligated to pay debt service on a 1991 issue of revenue bonds through the California Health Facilities Financing Authority, which is outstanding in the principal amount of \$56,955,000 (the "1991 Bonds"). A portion of the 1991 Bonds refinanced the acquisition, improvement and equipping of certain facilities known as South San Francisco Medical Center, located within the County of San Mateo. The proceeds of the revenue bonds proposed to be issued by CSCDA will be used by Kaiser, in part, to refund the 1991 Bonds and to finance the acquisition, construction, renovation, equipment and other capital improvements at certain other Kaiser facilities. Through the net present value interest savings on the refunding of the 1991 Bonds and the tax-exempt borrowing of moneys for the above-mentioned additional improvements, it is anticipated that Kaiser will be able to continue to deliver health care in the communities it serves.

**Discussion**

Kaiser has applied to CSCDA for its assistance in financing and refinancing the acquisition, construction and improvement of certain medical facilities through the issuance of revenue bonds in an amount not to exceed \$275 million. CSCDA is a joint exercise of powers authority consisting of numerous California counties, cities and special districts, including the County of San Mateo. CSCDA is authorized in its Joint Exercise of Powers Agreement ("Agreement") to assist California charitable organizations through the issuance of revenue bonds. Said Agreement also requires a public approval by each participating member of CSCDA in which any portion of the project being financed is located. The federal tax law also requires a public hearing to be conducted by a government unit having jurisdiction over the area in which the financed facility is located and approval by the governing body prior to the issuance of tax-exempt bonds.

Orrick, Herrington & Sutcliffe LLP, bond counsel to CSCDA, has prepared and caused to be published the required notice of public hearing. Orrick also prepared the form of resolution submitted to the County of San Mateo Board of Supervisors for its consideration.

The County is not liable for payment with respect to the bonds.

A representative from Kaiser will be present at the Board of Supervisors meeting to respond to any questions.

**RESOLUTION NO. \_\_\_\_\_**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION APPROVING THE ISSUANCE OF  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
KAISER PERMANENTE VARIABLE RATE REVENUE BONDS, 2001 SERIES A  
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$275,000,000 FOR  
THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION,  
IMPROVEMENT AND EQUIPPING OF SOUTH SAN FRANCISCO MEDICAL  
CENTER AND CERTAIN OTHER MATTERS RELATING THERETO...**

**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, Kaiser Foundation Hospitals, a California nonprofit corporation (the "Corporation"), has requested that the California Statewide Communities Development Authority (the "Authority") participate in the issuance of variable rate revenue bonds in an aggregate principal amount not to exceed \$275,000,000 (the "Bonds") for the acquisition, improvement and equipping of the health facilities known as South San Francisco Medical Center (the "Facilities") to be owned and operated by the Corporation (or an affiliate of the Corporation) and located within the County of San Mateo, State of California (the "County") and other facilities located outside of the County; and

**WHEREAS**, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the County because the Facilities are located within the territorial limits of the County; and;

**WHEREAS**, the Board of Supervisors of the County (the "County") is the elected legislative body of the County and is one of the applicable elected representatives required to approve the issuance of the Bonds under Section 147(f) of the Code; and;

**WHEREAS**, the Authority has requested that the Board 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 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the County; and;

**WHEREAS**, pursuant to Section 147(f) of the Code, the Board has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

**NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** by the Board of Supervisors of the County of San Mateo, State of California, as follows:

Section 1. The Board hereby approves the issuance of the Bonds by the Authority for the purposes of acquiring, improving and equipping the Facilities. It is the purpose and intent of the Board that this resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f) and (b) Section 9 of the Agreement.

Section 2. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 3. This resolution shall take effect immediately upon its adoption.

\* \* \* \* \*