Legislation Text

File #: 26-779, **Version:** 1

Conduct a public hearing required by the Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA); and Consider adopting a resolution approving the issuance of revenue bonds by the California Municipal Finance Authority (CMFA), in an amount not to exceed $250,600,000 for the purpose of financing and/or refinancing certain costs of the acquisition, construction, expansion, remodeling, renovation, furnishing, equipping and/or improvement of the health facilities, including real estate, owned and operated by HealthCore 2470 Hilborn Fairfield LLC, HealthCore 2480 Hilborn Fairfield LLC, HealthCore 2500 Hilborn Fairfield LLC, HealthCore 360 Campus Fairfield LLC, HealthCore 421 Nut Tree Vacaville LLC, HealthCore 1010 Nut Tree Vacaville LLC, HealthCore 1860 Pennsylvania Fairfield LLC, HealthCore 1101 B Gale Wilson Fairfield LLC, HealthCore 4500 Business Center Fairfield LLC, and HealthCore 4520 Business Center Fairfield LLC (collectively, the "Borrowers") and leased to NorthBay Group and/or NorthBay Corporation, located within Solano County

Published Notice Required? Yes _X__ No ___
Public Hearing Required? Yes _X__ No _ _

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board of Supervisors conduct a public hearing as required by the Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA) and consider adopting a resolution approving the issuance of revenue bonds by the California Municipal Finance Authority (CMFA), in an amount not to exceed $250,600,000 for the purpose of financing and/or refinancing certain costs of the acquisition, construction, expansion, remodeling, renovation, furnishing, equipping and/or improvement of the health facilities, including real estate, owned and operated by HealthCore 2470 Hilborn Fairfield LLC, HealthCore 2480 Hilborn Fairfield LLC, HealthCore 2500 Hilborn Fairfield LLC, HealthCore 360 Campus Fairfield LLC, HealthCore 421 Nut Tree Vacaville, LLC HealthCore 1010 Nut Tree Vacaville LLC, HealthCore 1860 Pennsylvania Fairfield LLC, HealthCore 1101 B Gale Wilson Fairfield LLC, HealthCore 4500 Business Center Fairfield LLC, and HealthCore 4520 Business Center Fairfield LLC (collectively, the "Borrowers") and leased to NorthBay Group and/or NorthBay Corporation, located within Solano County.

SUMMARY:

The Borrowers have requested that the CMFA issue one or more series of tax-exempt revenue bonds in an aggregate principal amount not to exceed $250,600,000 (the "Bonds") to finance certain costs of the acquisition, construction, expansion, remodeling, renovation, furnishing, equipping and/or improvement of ten healthcare properties located in in Solano County at the following addresses:

- 2470 Hilborn Road, Fairfield, CA 94534
- 2480 Hilborn Road, Fairfield, CA 94534
- 2500 Hilborn Road, Fairfield, CA 94534
- 360 Campus Lane, Fairfield, CA 94534
- 421 Nut Tree Road, Vacaville, CA 95687

- 1010 Nut Tree Road, Vacaville, CA 95687
- 1860 Pennsylvania Avenue, Fairfield, CA 94533
- 1101 B Gale Wilson Avenue, Fairfield, CA 94533
- 4500 Business Center Drive, Fairfield, CA 94534
- 4520 Business Center Drive, Fairfield, CA 94534 (collectively, the “Projects”.)

The Projects will be owned by HealthCore affiliates and leased to NorthBay Health Medical Foundation and/or NorthBay Healthcare Corporation, nonprofit public benefit corporations described in Section 501(c)(3) of the Internal Revenue Code. NorthBay currently occupies a substantial portion of the Projects and intends to expand its occupancy. $42.5 million of the bond proceeds will be used for renovations to existing properties, with the remainder used to acquire facilities already occupied by Northbay, allowing for both expansion within the facilities and a reduction in overall occupancy costs.

Because the Projects are located within Solano County, Section 147(f) of the Internal Revenue Code requires approval of the bond issuance by an applicable elected representative of the County following a noticed public hearing. The Board of Supervisors serves as the County’s applicable elected representative for this purpose. Accordingly, the Board is being asked to conduct the required public hearing and approve CMFA’s issuance of the Bonds.

The County is not issuing the Bonds or borrowing the funds. The Board’s action is limited to providing the public approval required under federal tax law and the County’s agreement with CMFA.

FINANCIAL IMPACT:

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrowers, and the County will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the County or the State of California but are to be paid for solely from funds provided by the Borrowers.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the “Foundation”), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the County of Solano, it is expected that a portion of the issuance fee attributable to the County will be granted by the CMFA to the general fund of the County. Such a grant may be used for any lawful purpose of the County.

The costs associated with preparing the agenda item are nominal and absorbed by the Department’s FY2026/27 Working Budget.

DISCUSSION:

HealthCore Foundation
HealthCore Foundation (a Denver based non-profit connected with NexCore, a developer owner of medical and senior housing projects) was founded in October 2021, to serve a charitable purpose to facilitate the development and ownership of facilities used primarily in the advancement of the charitable purposes of other 501(c)(3) organizations and to help other non-profit healthcare institutions deliver mission critical facilities at a materially lower cost when compared to traditional financing. HealthCore Foundation was established by

experienced leaders across healthcare, finance, and real estate who recognized a growing challenge facing nonprofit health systems. Traditional real estate financing structures can place meaningful strain on balance sheets, limiting a health system's ability to invest in clinical services, staff, and community health initiatives.

HealthCore provides non-profit healthcare organizations with a more flexible and cost-effective approach to developing and owning mission-critical facilities, resulting in a markedly lower occupancy cost. Through an independent nonprofit ownership structure and the strategic use of tax-exempt financing tools, HealthCore helps health systems access capital at a considerably lower cost than many conventional financing alternatives. By partnering with nonprofit health systems, HealthCore enables organizations to develop new facilities, modernize existing infrastructure, and secure long-term control of the spaces where care is delivered. This model allows health systems to preserve capital, minimize balance-sheet impact, and focus their financial resources on delivering high-quality patient care and improving community health outcomes.

Project Overview
The property located at 360 Campus Lane was acquired and contains a building with 30 acres of land across. NorthBay is finalizing plans for a new medical office building and hospital on this land. NorthBay is also under contract to acquire a 6.7-acre parcel owned by the City of Fairfield, which is adjacent to these 30 acres. Bond proceeds were used in 2025 to purchase the land and 360 Campus Lane building and $10 million of those bonds will be paid down with this transaction, releasing the 360 Campus Lane building for sale to HealthCore for $25.5 million with a new 10-year lease, with NorthBay retaining ownership of the 30 acres. This property will be primarily used for administrative functions, and an improvement allowance will allow NorthBay to renovate this office building.

The NorthBay Hilborn campus effort will include acquisition of three buildings (2470/2480/2500) on the Hilborn campus from three different owners for a total of $43 million with an additional construction allowance. Currently, two of the three buildings (2500/2470) are occupied by NorthBay, with plans to expand both physical therapy services in the 2480 Project building and orthopedic exam rooms in the 2500 Project building. After this transaction, NorthBay Health will occupy the majority of space in the Hilborn buildings.

The remaining six projects are owned by Ventas, who informed NorthBay over the summer of 2026 of its intent to sell the properties. NorthBay exercised its first right of purchase option to acquire these buildings through its relationship with HealthCore, for a total of $130 million. NorthBay will sign a new lease with HealthCore and because of the financing structure, the new lease rate will result in a lower amount than the existing leases for these properties. The overall improvement allowance of $42.5 million will for build out of additional clinic spaces in these buildings, helping NorthBay in its mission to provide greater and more convenient care to their patients.

A description of each building and the sources and uses for them are attached as Exhibit B.

TEFRA Hearing
In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County of Solano must conduct a TEFRA Hearing, providing the members of the community with an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

California Municipal Finance Authority
The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote

economic, cultural, and community development through the financing of economic development and charitable activities throughout California. To date, over 350 municipalities, including the County of Solano, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financing.

The Borrowers are seeking to provide financing and/or refinancing of up to $250,600,000 for the purpose of acquiring, constructing, expanding, remodeling, renovating, furnishing, equipping, and/or providing improvements to health facilities. Adoption of this resolution will allow CMFA to issue the bonds on its behalf.

ALTERNATIVES:

The Board could elect not to adopt the resolution approving the issuance of the Bonds by the CMFA. This is not recommended because, without the required approval of the Board, the Bonds could not be issued on a tax-exempt basis as proposed, which would limit NorthBay's ability to obtain favorable financing for facilities used to provide essential healthcare services in Solano County.

OTHER AGENCY INVOLVEMENT:

California Municipal Finance Authority, HealthCore Foundation, and NorthBay Group and/or NorthBay Corporation.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION

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