



Legislation Details (With Text)

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Type: Action Item **Status:** Passed
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On agenda: 6/20/2019 **Final action:** 6/20/2019

Title: TEFRA HEARING - To hear and consider information concerning the proposed issuance of tax-exempt bonds by the California Enterprise Development Authority for the purpose of financing the development, construction, installation, equipping and furnishing of two facilities by United Health Centers of the San Joaquin Valley, and certain other matters relating thereto
1. ***RESOLUTION - A Resolution of the Council of the City of Fresno, California, approving the issuance by the California Enterprise Development Authority of not to exceed \$12,000,000 aggregate principal amount of the California Enterprise Development Authority's Revenue Bonds for the purpose of financing the cost of developing, constructing, installing, equipping and furnishing two facilities for the benefit of United Health Centers of the San Joaquin Valley, and other matters relating thereto herein specified (Requires 5 affirmative votes) (Subject to Mayor's veto)

Sponsors: Finance Department

Indexes:

Code sections:

Attachments: 1. Resolution - CEDA - United Health Centers.pdf, 2. United Health Centers 2019 - TEFRA Notice.pdf

Date	Ver.	Action By	Action	Result
6/20/2019	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

June 20, 2019

FROM: MICHAEL LIMA, Finance Director/City Controller
Finance Department

BY: PHILLIP HARDCASTLE, Principal Accountant - Debt Administration
Finance Department

SUBJECT

TEFRA HEARING - To hear and consider information concerning the proposed issuance of tax-exempt bonds by the California Enterprise Development Authority for the purpose of financing the development, construction, installation, equipping and furnishing of two facilities by United Health Centers of the San Joaquin Valley, and certain other matters relating thereto

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installing, equipping and furnishing two facilities for the benefit of United Health Centers of the San Joaquin Valley, and other matters relating thereto herein specified (Requires 5 affirmative votes) **(Subject to Mayor's veto)**

RECOMMENDATION

Staff recommends that the Council first hold a Tax Equity and Financial Responsibility Act (TEFRA) public hearing and then, upon conclusion, adopt the accompanying Resolution approving the issuance of tax-exempt bonds (Bonds) by the California Enterprise Development Authority (Authority) on behalf of the United Health Centers of the San Joaquin Valley (Applicant) in the aggregate principal amount not to exceed \$12 million.

EXECUTIVE SUMMARY

The Applicant is seeking to obtain financing for the development, construction, installation, equipping and furnishing of a facility which will serve as the Applicant's headquarters and training facility. The Bonds will be issued by the Authority. As a jurisdiction in which the Facilities are located, the Council must hold a public hearing in accordance with Section 147(f) of the Internal Revenue Code for the purpose of receiving any public testimony regarding the project before it considers authorizing the Authority to issue obligations for this purpose.

Should the City authorize the issuance of the Bonds, the City would have no obligation or liability associated with this facility or with these Bonds.

BACKGROUND

The City has received a request by the Authority to hold a public hearing regarding a proposed issuance of Bonds for the purpose of financing the development, construction, installation, equipping and furnishing of a facility located at 1110 North Blackstone Avenue in Fresno (Blackstone Project") and 1780 East Bullard Avenue in Fresno (Bullard Project, and together with the Blackstone Project, the Facilities). The Bonds will be issued by the Authority in an amount not to exceed \$12.0 million. The Applicant, in its discretion, may apply an amount not-to-exceed \$6.0 million of the proceeds of the Bonds towards the Blackstone Project and an amount not-to-exceed \$6.0 million of the proceeds of the Bonds towards the Bullard Project. Upon conclusion of the public hearing, the City is then requested to authorize the Authority to proceed with the issuance of the Bonds.

The Authority is a joint powers authority established by the California Association for Local Economic Development whose purpose is to issue tax-exempt and taxable conduit revenue obligations to fund commercial and industrial development projects within member jurisdictions. The Applicant is a private nonprofit organization that provides comprehensive medical, dental and community health services to the medically underserved in the central San Joaquin Valley.

Under the provisions of TEFRA as codified in Section 147(f) of the Internal Revenue Code, the City in which the proposed facilities are located must (1) conduct a public hearing and (2) approve the Authority issuance of indebtedness in order to facilitate the financing. Therefore, although the Authority will be the issuer of the Bonds for the Applicant, the financing cannot proceed without the City of Fresno's approval of the financings. This hearing was noticed in the City Clerk's section of the City of Fresno's website on June 12, 2019, and no testimony regarding this proposed issuance has been received as of today.

The attached resolution, if approved by the Council, will provide authorization to the Authority to issue the Bonds on behalf of the Applicant in an amount not to exceed \$12.0 million. The Bonds will not constitute a debt or liability to the City.

ENVIRONMENTAL FINDINGS

This item is not a project of the City of Fresno and as such, for purposes of this hearing, the California Environmental Quality Act requirements are not applicable.

LOCAL PREFERENCE

Local preference was not considered because this resolution does not include a bid or award of a construction or service contract.

FISCAL IMPACT

The City has no obligation or liability associated with this financing. The Bonds will not constitute an indebtedness or obligation of, and will not involve a pledge of the good faith and credit of the City. The Bonds will be limited obligations of the Issuer payable only from loan repayments to be made to the Issuer from certain funds and accounts established by or pursuant to the bond indenture(s) under which the Bonds will be issued.

Attachments:

Resolution - CEDA - United Health Centers
TEFRA Notice of Public Hearing