



Legislation Details (With Text)

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Type: Action Item **Status:** Passed
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On agenda: 12/6/2018 **Final action:** 12/6/2018

Title: TEFRA HEARING - To hear and to consider information concerning the proposed issuance of Health Facility Revenue Bonds by the Michigan Finance Authority in an amount not to exceed \$1,500,000,000, of which no more than \$35,000,000 will be used for the purpose of financing or refinancing the costs of acquisition, construction, furnishing, and equipping of certain health care facilities located in Fresno.

1. ***RESOLUTION - Approving the issuance of the Michigan Finance Authority Revenue Bonds on behalf of Trinity Health Corporation, in one or more series, for the purpose among other things, of financing or refinancing the costs of acquisition, construction, improvement, and equipping of health care facilities owned and operated by Saint Agnes Medical Center and certain other matters relating thereto. (Subject to Mayor's Veto)

Sponsors: Finance Department

Indexes:

Code sections:

Attachments: 1. Resolution - Trinity Health 2018.pdf

Date	Ver.	Action By	Action	Result
12/6/2018	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 6, 2018

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

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

SUBJECT

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equipping of health care facilities owned and operated by Saint Agnes Medical Center and certain other matters relating thereto. **(Subject to Mayor's Veto)**

RECOMMENDATION

Staff recommends the Council first hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and then approve the accompanying resolution approving the plan of finance and related issuance of Health Facility Revenue Bonds (Bonds) by the Michigan Finance Authority (Issuer) on behalf of Trinity Health Corporation (Applicant), an Indiana nonprofit corporation. Trinity Health Corporation is the sole corporate member of Saint Agnes Medical Center, a California nonprofit corporation. The proposed purpose of the issuance is to (i) finance or refinance the costs of acquisition, improvement, furnishing, and equipping of hospitals or other health care facilities owned and operated by Trinity Health Corporation, and (ii) pay certain expenses incurred in connection with the issuance of the Bonds.

EXECUTIVE SUMMARY

The Applicant is requesting that Council consider information concerning the proposed plan of finance providing for the issuance of one or more series of Bonds in an aggregate principal amount not to exceed \$1,500,000,000, pursuant to a plan of finance for various capital facilities, including an amount not to exceed \$35,000,000 with respect to capital facilities located in the City of Fresno. The proceeds with respect to capital facilities located within Fresno's city limits would be utilized for (i) the proposed "2019 Project" which consists of the financing or refinancing of additions and improvements to, and equipment for, hospitals and other healthcare facilities owned and operated by Trinity Health at various locations within the Fresno city limits; and other related acquisitions, improvements, equipment, construction and reconstruction on these properties, (ii) the proposed "Refunding Project" which consists of refunding certain outstanding bonds, the proceeds of which were used to finance or refinance the costs of acquisition, construction, furnishing and equipping of various hospitals or other health care facilities owned and operated by the Applicant at the same locations, and (iii) pay certain expenses incurred in connection with the issuance of the Bonds.

Should the City authorize the issuance of bonds, the City of Fresno would have no obligation or liability associated with the financing of these projects.

BACKGROUND

The City has received a request by the Applicant to hold a public hearing regarding a proposed bond issuance and to authorize the Issuer to proceed with issuance of the Bonds in an aggregate principal amount not to exceed \$1,500,000,000 (Issuance). The Issuance includes an amount not to exceed \$35,000,000 to finance or refinance projects or prior bonds which financed or refinanced projects related to facilities of St. Agnes Medical Center located at 1303 East Herndon Avenue; 1111 East Spruce Avenue; 1201 East Herndon Avenue; 1245 East Herndon Avenue; 1360 East Herndon Avenue; 7130 North Millbrook Avenue; 7202 North Millbrook Avenue; and 1313 East Herndon Avenue, all located within the Fresno city limits.

In order to initiate such a financing, the City in which the proposed facilities are located must (1) conduct a public hearing and (2) approve CMFA issuance of indebtedness. Therefore, although the Michigan Finance 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. The attached resolution, if approved

by the Council will provide authorization to the Issuer to issue tax-exempt obligations on behalf of the Applicant. This hearing was noticed in the Fresno Bee on November 21, 2018. No written testimony regarding this proposed bond issuance has been received to date.

ENVIRONMENTAL FINDINGS

This approval is not a project for the purposes of CEQA Guidelines section 15378.

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.

Attachment: Resolution