



Legislation Details (With Text)

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Title: TEFRA HEARING - To hear and consider information concerning the proposed issuance of revenue refunding bonds by California Statewide Communities Development Authority ("CSCDA") for the purpose of refinancing continuing care facilities including a facility owned and operated by American Baptist Homes of The West, commonly known as San Joaquin Gardens
1. ***RESOLUTION - Approving a tax-exempt bond financing to be issued by CSCDA to benefit the Terraces at San Joaquin Gardens in the aggregate principal amount not to exceed \$70 million

Sponsors:

Indexes:

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Attachments: 1. TEFRA Resolution (Final).pdf

Date	Ver.	Action By	Action	Result
4/30/2015	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

April 30, 2015

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

BY: KAREN M. BRADLEY, Assistant Finance Director/City Controller
Finance Department

SUBJECT

TEFRA HEARING - To hear and consider information concerning the proposed issuance of revenue refunding bonds by California Statewide Communities Development Authority ("CSCDA") for the purpose of refinancing continuing care facilities including a facility owned and operated by American Baptist Homes of The West, commonly known as San Joaquin Gardens
1. ***RESOLUTION - Approving a tax-exempt bond financing to be issued by CSCDA to benefit the Terraces at San Joaquin Gardens in the aggregate principal amount not to exceed \$70 million

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 the Revenue Refunding Bonds by the CSCDA on behalf of American Baptist Homes of the West (the "Applicant") in the aggregate principal amount not to exceed \$70 million.

EXECUTIVE SUMMARY

The Applicant is seeking to obtain financing to refund certain of its existing bonds that funded the construction, remodeling, and renovation and equipping of its continuing care facilities located in Fresno, and other California cities. The new tax exempt obligations will be issued by CSCDA. As an associate member of CSCDA and a jurisdiction in which some of the facilities are located, the Council must hold a public hearing under the provisions of the TEFRA within the Internal Revenue Code to receive any public testimony regarding the project before it considers authorizing CSCDA to issue bonds for this purpose. Other jurisdictions in which facilities are located will be required to do the same.

Should the City authorize the issuance of 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 Applicant to hold a public hearing regarding a proposed issuance of Revenue Refunding Bonds (the “Bonds”) for the purpose of refunding existing debt. An amount not to exceed \$70 million of the aggregate debt issuance will refund existing debt at a continuing care facility located generally at 5555 N. Fresno, known as San Joaquin Gardens. Upon conclusion of the public hearing, the City is then requested to authorize CSCDA to proceed with the issuance of the Revenue Refunding Bonds.

CSCDA, a Joint Exercise of Powers Authority, consisting of numerous California cities, counties and special districts, including the City of Fresno, is authorized to assist in the financing and refinancing of continuing care facilities when it receives the appropriate certified resolutions from each jurisdiction in which the facilities are located. In order to initiate such a financing, the member participant of CSCDA in which the facilities are located must (1) conduct a public hearing and (2) approve CSCDA issuance of indebtedness. Therefore, although CSCDA will be the issuer of the tax-exempt obligations for the Applicant, the financing cannot proceed without the City of Fresno's approval.

The Internal Revenue Code requires all local legislative bodies, (the Council of the City of Fresno is the legislative body) to hold this hearing before it considers authorizing the issuance of such bonds. The purpose of this staff report is to facilitate the Applicant's request for holding the hearing. The attached resolution, if approved by the Council, will provide authorization to the CSCDA to issue tax-exempt obligations on behalf of the Applicant in an amount not to exceed \$70 million. No written testimony regarding this proposed bond issuance has been received as of this date.

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. The Issuer has no taxing power and the issuance of the Bonds will not obligate the State of California or any political subdivision of the State to levy or pledge any form of taxation for the Bonds or to make any appropriation for the payment of the Bonds.

Attachment: Resolution