



## Legislation Details (With Text)

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**Title:** TEFRA HEARING - To hear and to consider information concerning the proposed plan of finance providing for the issuance of Health Facility Revenue Bonds by the Michigan Finance Authority in one or more series of Bonds in an aggregate principal amount not to exceed \$1,220,000,000, including an amount not to exceed \$150,000,000 with respect to capital facilities located in the City of Fresno.  
1. \*\*\*RESOLUTION - Approving the issuance of the Michigan Finance Authority Revenue Bonds, 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.

**Sponsors:** Finance Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution.pdf, 2. Publication Notice.pdf

Date	Ver.	Action By	Action	Result
12/15/2016	1	City Council	approved	Pass

## REPORT TO THE CITY COUNCIL

**December 15, 2016**

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

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

## SUBJECT

TEFRA HEARING - To hear and to consider information concerning the proposed plan of finance providing for the issuance of Health Facility Revenue Bonds by the Michigan Finance Authority in one or more series of Bonds in an aggregate principal amount not to exceed \$1,220,000,000, including an amount not to exceed \$150,000,000 with respect to capital facilities located in the City of Fresno.  
1. \*\*\*RESOLUTION - Approving the issuance of the Michigan Finance Authority Revenue Bonds, 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.

## RECOMMENDATION

Staff recommends the Council first hold the public hearing, and then approve the accompanying resolution approving the plan of finance and related issuance of Health Facility Revenue Bonds by the Michigan Finance Authority (Issuer) on behalf of Trinity Health Corporation, 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; and (ii) pay certain expenses incurred in connection with the issuance of the Bonds.

## EXECUTIVE SUMMARY

Trinity Health Corporation (Applicant) is requesting that Council consider information concerning the proposed plan of finance providing for the issuance of one or more series of hospital revenue bonds in an aggregate principal amount not to exceed \$1,220,000,000 (Bonds) pursuant to a plan of finance for various capital facilities, including an amount not to exceed \$150,000,000 with respect to capital facilities located in the City of Fresno. The proceeds with respect to capital facilities in the City of Fresno would be utilized for (i) the financing or refinancing relating to additions, improvements, reconstruction, construction, acquisitions, furnishing, and equipment purchases for hospitals and other health care facilities owned and operated by Trinity Health at the following locations: 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 in the City of Fresno, California; and (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 Trinity Health (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; 1313 E. Herndon Avenue; and 1183 E. Warner Avenue, all located in the City of Fresno, California; and (iii) pay certain expenses incurred in connection with the issuance of the Bonds.

As required by Section 147(f) of the Internal Revenue Code, the Council must hold a public hearing under the provisions of the Tax Equity and Financial Responsibility Act ("TEFRA") within the Internal Revenue Code to receive any public testimony regarding the project before it considers authorizing the issuance of bonds for this purpose. 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 \$1,220,000,000, pursuant to a plan of finance of the Applicant for various capital facilities, including capital facilities located in the City of Fresno and identified as various Saint Agnes Medical Center facilities.

The issuance includes an amount not to exceed \$150,000,000 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 in the City of Fresno, California.

As the appropriate elected public body with jurisdiction over proposed use of the Bonds, the Council must hold a public hearing under the provisions of TEFRA to receive any public testimony regarding the proposed use before the Council considers authorizing the issuance of the Bonds for this purpose. The Bonds will be limited obligations of the Issuer, payable only from loan repayments to be made by the Applicant to the Issuers from certain funds and accounts established by or pursuant to the bond indenture(s) under which the Bonds will be issued. The Bonds will not constitute a debt or liability to the City.

The financing will assist Saint Agnes Medical Center in the continuance of quality health care to the residents of Fresno and the surrounding service area.

The Internal Revenue Code requires the local legislative body to notice and conduct a public hearing before it considers authorizing the issuance of such bonds. This hearing was noticed in the Fresno Bee on 11/30/2016. As of today, there has been no testimony received either for or against the proposed issuance.

The attached resolution, if approved by the Council, will provide authorization to the Issuer to issue hospital revenue and refunding bonds.

## **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. 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.

Attachments:  
Resolution  
Notice