



Legislation Details (With Text)

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Title: TEFRA HEARING - To hear and consider information concerning the proposed issuance of Revenue Obligations by California Enterprise Development Authority for the purpose of financing the development, construction, installation, equipping and furnishing of a facility by United Health Centers of the San Joaquin Valley.
1. ***RESOLUTION - Approving a tax-exempt obligation financing to be issued by the Authority to benefit United Health Centers of the San Joaquin Valley in the aggregate principal amount not to exceed \$18 million (Subject to Mayor's veto)

Sponsors: Finance Department

Indexes:

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Attachments: 1. Resolution.pdf

Date	Ver.	Action By	Action	Result
9/21/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

September 21, 2017

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 Revenue Obligations by California Enterprise Development Authority for the purpose of financing the development, construction, installation, equipping and furnishing of a facility by United Health Centers of the San Joaquin Valley.

1. ***RESOLUTION - Approving a tax-exempt obligation financing to be issued by the Authority to benefit United Health Centers of the San Joaquin Valley in the aggregate principal amount not to exceed \$18 million (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 Revenue Obligations (Obligations) by the California Enterprise Development Authority (Authority) on behalf of United Health Centers of the San Joaquin Valley (Applicant) in the aggregate principal amount not to exceed \$18 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 new tax exempt obligations will be issued by the Authority. As the governing body of 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 Obligations, the City would have no obligation or liability associated with this facility or with these Obligations.

BACKGROUND

The City has received a request by the Applicant to hold a public hearing regarding a proposed issuance of Obligations for the purpose of financing the development, construction, installation, equipping and furnishing of a facility located at 3875 West Beechwood Avenue in Fresno, which will serve as the Applicant's headquarters and training facility. The new tax exempt obligations will be issued by the Authority in an amount not to exceed \$18 million. Upon conclusion of the public hearing, the City is then requested to authorize the Authority to proceed with the issuance of the Obligations.

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. This hearing was noticed in the Fresno Bee on September 4, 2017. 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 tax-exempt obligations on behalf of the Applicant in an amount not to exceed \$18 million. The Obligations 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 Obligations will not constitute an indebtedness or obligation of, and will not involve a pledge of the good faith and credit of the City. The Obligations will be limited obligations of the Authority payable only from loan repayments to be made to it from certain funds and accounts established by or pursuant to the bond indenture(s) under which the Obligations will be issued. The Authority has no taxing power. The issuance of the Obligations 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