



Legislation Details (With Text)

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Type: Action Item **Status:** Agenda Ready
File created: 9/25/2020 **In control:** City Council
On agenda: 10/15/2020 **Final action:** 10/15/2020
Title: TEFRA HEARING - To hear and consider information concerning the proposed issuance of tax-exempt bonds by California Enterprise Development Authority for the purpose of financing, refinancing and/or reimbursing to the Borrower the cost of designing, developing, constructing, installing and equipping, renovating and remodeling of two facilities by United Health Centers of the San Joaquin Valley.
1. ***RESOLUTION - Approving the issuance by the California Enterprise Development Authority of revenue bonds in an aggregate principal amount not to exceed \$12,000,000 for the purpose of financing, refinancing, and/or reimbursing the cost of designing, developing, constructing, installing, equipping, renovating, and remodeling two facilities for the benefit of United Health Centers of the San Joaquin Valley and other matters relating thereto (Subject to Mayor's veto).
Sponsors: Finance Department
Indexes:
Code sections:
Attachments: 1. CLEAN United Health Centers of the San Joaquin Valley (Milburn and Kings Canyon) 2020 - City Council Resolution.pdf

Date	Ver.	Action By	Action	Result
10/15/2020	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

October 15, 2020

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 California Enterprise Development Authority for the purpose of financing, refinancing and/or reimbursing to the Borrower the cost of designing, developing, constructing, installing and equipping, renovating and remodeling of two facilities by United Health Centers of the San Joaquin Valley.

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equipping, renovating, and remodeling two facilities for the benefit of United Health Centers of the San Joaquin Valley and other matters relating thereto (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 United Health Centers of the San Joaquin Valley (Applicant) in the aggregate principal amount not to exceed \$12,000,000.

EXECUTIVE SUMMARY

The Applicant is seeking to obtain financing for the design, development, construction, installation, equipping, renovation, and remodeling of various facilities, which will serve as health clinics. The new tax exempt Bonds 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 bonds for this purpose.

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 Bonds for the purpose of financing, refinancing and/or reimbursing to the Applicant the cost of (a) designing, developing, constructing, installing and equipping a 20,000 square foot health clinic to be located at 645 S. Minnewawa Avenue, Fresno, California 93727 (Kings Canyon Project) in Council District 5 and (b) renovating and remodeling the Borrower's health clinic located at 6810 North Milburn Avenue, Fresno, California 93722 in Council District 2 (Milburn Project). The new tax-exempt bonds will be issued by the Authority in an amount not to exceed \$12,000,000. The Borrower, in its discretion, may apply an amount up to \$9,500,000 of the proceeds of the Bonds towards the Kings Canyon Project and an amount up to \$2,500,000 of the proceeds of the Bonds towards the Milburn Project.

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's issuance of indebtedness in order to facilitate the financing. This notice of the public hearing was posted on the City's website on September 16, 2020. 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 bonds on behalf of the Applicant in an amount not to exceed \$12,000,000. The Bonds will not constitute a debt or liability to the City. Upon conclusion of the public hearing, the City is then requested to authorize the Authority to proceed with the issuance of the Bonds.

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 the requested 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 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 Bonds will be issued.

Attachment: Resolution