

Agenda Report

April 7, 2014

TO: Honorable Mayor and City Council

FROM: City Manager

SUBJECT: TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING AND RESOLUTION FOR THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS FOR THE HUNTINGTON MEMORIAL HOSPITAL PROJECT.

RECOMMENDATION:

It is recommended that the City Council hold a TEFRA hearing and adopt a Resolution approving the issuance of the California Statewide Communities Development Authority (CSCDA) Revenue Bonds (Huntington Hospital project); in an aggregate amount not to exceed \$65,000,000 to finance and refinance the cost of acquisition, improvement, equipping and renovation of the health facilities.

BACKGROUND:

The CSCDA is a Joint Powers Authority organized and existing under the laws of the State of California (specifically, California Government Code Section 6500), and is sponsored by the League of California Cities and the California State Association of Counties. Over 500 counties, cities, and special districts are member of the Authority, including the City of Pasadena. The sole purpose of the CSCDA is to finance projects that promote economic development through the issuance of bonds.

Pasadena Hospital Association, Ltd. (the "Borrower") has requested that the CSCDA serve as the issuer of nonprofit revenue obligations in an aggregate principal amount not to exceed \$65,000,000 (the "Obligations"). The proceeds of the Obligations will enable Huntington Memorial Hospital (HMH) to undertake further capital improvements at the hospital to respond to the growing healthcare needs of the community and to comply with seismic safety standards. The proposed funds, in part, would be used to finance the construction of additional Inpatient Operating Rooms adjacent to the existing Inpatient Operating Rooms in the East Tower. This includes the construction of 2 floors (currently in a Shelled Space condition) located directly above the existing Emergency

Department and its related equipment. In addition, funds would be used for critical campus wide utility infrastructure upgrades with particular focus on utilities that serve acute care facilities. Examples include, but are not all inclusive; electrical power and gear upgrades, emergency power upgrades, and chilled water upgrades. Finally, use of funds will be applied to additional capital projects that will put HMM in compliance with SB 1953. Examples include, but are not all inclusive; interior overhead utility services being seismically braced to reduce collapse in seismic events and all utilities feeding acute care facilities being independent of non-compliant facilities.

In order for the Obligations to qualify as tax-exempt bonds, the City must conduct a public hearing (the "TEFRA Hearing") providing the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, the City Council, the governmental unit hosting the Project, must provide its approval of the issuance of the Bonds for the financing of the Project.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

FISCAL IMPACT:

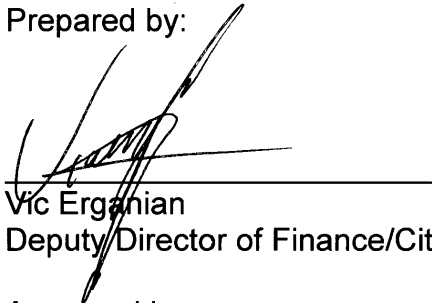
There is no fiscal impact as a result of this action nor will it have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action. The adoption of the Resolution approving the project and the issuance of the bonds complies with the requirements of Section 147(f) of the Internal Revenue Service Code. The proposed obligations to be issued by the CSCDA will be the sole responsibility of Pasadena Hospital Association Ltd. The City will have no financial or legal obligation for the tax exempt status of the bonds, the debt service on the bonds nor any other matter related to the proposed bonds.

Respectfully submitted,



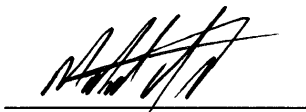
ANDREW GREEN
Director of Finance
Department of Finance

Prepared by:



Vic Erganian
Deputy Director of Finance/City Treasurer

Approved by:



MICHAEL J. BECK
City Manager

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA APPROVING THE ISSUANCE BY CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OF ONE OR MORE SERIES OF REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$65,000,000 FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION AND EQUIPPING OF CERTAIN HEALTH FACILITIES OWNED AND OPERATED BY PASADENA HOSPITAL ASSOCIATION LTD. D/B/A/ HUNTINGTON MEMORIAL HOSPITAL OR ITS AFFILIATES, AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Pasadena Hospital Association Ltd. d/b/a Huntington Memorial Hospital, a California nonprofit public benefit corporation (the “Corporation”), has requested that the California Statewide Communities Development Authority (the “Authority”) participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$65,000,000 (the “Bonds”) for the purpose of, among other things, financing and refinancing the acquisition, construction, improvement, renovation and equipping (the “Project”) of certain health facilities owned or operated by the Corporation (the “Facilities”) located in the City of Pasadena (the “City”);

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), the issuance of the Bonds by the Authority must be approved by the City because the Facilities are located within the territorial limits of the City;

WHEREAS, the City Council of the City (the “Council”) is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority for the purpose of financing and refinancing the Project in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the “Agreement”), among certain local agencies, including the City; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed and refinanced the Project, (the “Refunding Bonds”), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

WHEREAS, pursuant to Section 147(f) of the Code, the Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Pasadena as follows:

1. The City Council hereby approves the issuance of the Bonds and Refunding Bonds by the Authority for the purpose of financing and refinancing the Project. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds and Refunding Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the issuer of the Bonds and the governmental unit having jurisdiction over the area in which the Facilities are to be located, in accordance with said Section 147(f) and (b) Section 9 of the Agreement.

2. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

3. This Resolution shall take effect immediately upon its adoption.

ADOPTED at the regular meeting of the City Council of the City of Pasadena held on the _____ day of _____, 2014, by the following vote:

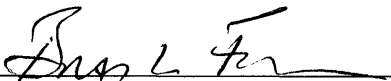
AYES:

NOES:

ABSENT:

MARK JOMSKY, City Clerk

APPROVED AS TO FORM:


BRAD L. FULLER,
Assistant City Attorney