



Legislation Text

File #: 19-599, **Version:** 1

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SUBJECT: Public Hearing Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) and Adoption of a Resolution Approving the Issuance of Revenue Bonds in an Amount Not to Exceed \$17,000,000, of Which \$6,500,000, Will be Allocated for the Golden Valley Health Centers Project in the City of Merced

REPORT IN BRIEF

Considers conducting a public hearing under the Tax and Equity Fiscal Responsibility Act (TEFRA) in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (CMFA) in an amount not to exceed \$17,000,000, of which approximately \$6,550,000 will be allocable to a project in the city for the purpose of financing the acquisition of a practice management system at Golden Valley Heath Centers headquarters located at 737 West Childs Avenue, in the City of Merced, California.

RECOMMENDATION

City Council - Adopt a motion adopting **Resolution 2019-65**, a Resolution of the City Council of the City of Merced, California, approving the issuance of Revenue Bonds by the California Municipal Finance Authority in an aggregate principal amount not to exceed \$17,000,000 for the purpose of financing the acquisition, construction, improvement and equipping of facilities for Golden Valley Health Centers and certain other matters relating thereto.

ALTERNATIVES

1. Approve, as recommended by staff, or
2. Approve, subject to conditions other than recommended by staff (identify specific conditions to be addressed in City Council motion), or
3. Deny further action by staff, or
4. Refer back to staff for reconsideration of specific items as requested by City Council, or
5. Continue item to a future City Council meeting (date and time to be specified in the motion).

AUTHORITY

Article II, Section 200 of the Merced Municipal Charter, Tax Equity and Fiscal Responsibility Act and internal Revenue Code of 1986, as amended (the "Code") and the California Government Code Section 6500 (and following).

CITY COUNCIL PRIORITIES

Quality of life.

DISCUSSION

Golden Valley Health Centers (GVHC) requested that CMFA serve as the municipal issuer of tax-exempt bonds in an aggregate principal amount not to exceed \$17,000,000 of which approximately \$6,550,000 will be allocable to a project in the City and the remaining amount will be allocable to projects in another city.

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 300 municipalities have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

The proceeds of the Bonds will be used to for the acquisition and installation of a practice management system, to replace the Corporation's current practice management system, including software and licenses.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Merced must conduct a public hearing (the "TEFRA Hearing") providing for 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.

IMPACT ON CITY RESOURCES

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, or other obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities. With respect to the City of Merced, it is expected that a portion of the issuance fee will be granted to the City.

ATTACHMENTS

1. Resolution 2019-65
2. PH Notice