



**CITY OF MODESTO  
AGENDA REPORT**

**AGENDA ITEM NO.  
COUNCIL MEETING: 06/28/05**

Date: June 21, 2005

TO: Mayor and City Council

FROM: Finance Department

SUBJECT: Public Hearing and Approval of California Statewide Communities Development Authority Revenue Bonds for the benefit of Sutter Health

CONTACT: Barrett R. Newlin, [bnewlin@modestogov.com], 209 577-5373

**RECOMMENDED COUNCIL ACTION:**

Conduct a public hearing regarding the issuance by California Statewide Communities Development Authority ("CSCDA") of bonds for the benefit of Sutter Health and affiliates ("Sutter Health") and financing the improvement of certain facilities known as Memorial Hospitals Association, located within the City of Modesto. Following the hearing, adopt a resolution approving such bond issuance.

**BACKGROUND:**

Sutter Health, a California nonprofit public benefit corporation ("Sutter Health"), is proposing to issue revenue bonds ("Bonds") through the California Statewide Communities Development Authority ("CSCDA"). A portion of the proceeds of the Bonds (approximately \$7,000,000) proposed to be issued by CSCDA will be used by Sutter Health to finance the improvement and equipping of certain facilities on or about the campus of the health facilities operated by Sutter Gould Medical Foundation and located at or near 1409 E. Briggsmore Ave., Modesto CA, and the remainder of such proceeds will be used to finance and refinance the acquisition, construction, renovation, equipment and other capital improvements at certain other Sutter Health facilities in other communities. ***The City has no fiscal responsibility for the debt being issued.***

Sutter Health has applied to CSCDA for its assistance in financing and refinancing the acquisition, construction and improvement of certain medical facilities through the issuance of revenue bonds in an amount not to exceed \$310 million. CSCDA is a joint powers authority (JPA) consisting of numerous California counties, cities and special districts, including the City of Modesto (the "City"). CSCDA is authorized in its Joint Exercise of Powers Agreement ("Agreement") to assist California nonprofit organizations through the issuance of revenue bonds. Said Agreement also requires a public approval by each participating member of CSCDA in which any portion of the project being financed is located. The federal tax law also requires a public hearing to be conducted by a government unit having jurisdiction over the area in which the financed facility is located and approval by the "applicable elected representative" prior to the issuance of tax-exempt bonds. The City qualifies as the most appropriate government unit and the City Council is the "applicable elected representative" (elected legislative body) of the City.

Orrick, Herrington & Sutcliffe LLP, bond counsel to CSCDA, has prepared and caused to be published the required notice of public hearing. The notice published one time on June 14, 2005 in the Modesto Bee in accordance with the 14-day notice requirements under federal law. A copy of the affidavit of publication was forwarded to the City. Orrick also prepared the form of resolution submitted to the City of Modesto City Council for its consideration. *The City is not liable for payment with respect to the bonds.*

**REASONS FOR RECOMMENDATION:**

To allow Sutter Health to finance health care facilities in the City of Modesto.

**EXISTING POLICY:**

N/A

**POLICY ALTERNATIVES:**

N/A

**FISCAL IMPACTS:**

The City has no fiscal responsibility for the debt being issued.

**INTERDEPARTMENTAL COORDINATION:**

N/A

**PUBLIC PARTICIPATION:**

A public hearing is required to be held to meet the requirement of the Federal tax law for tax- exempt financings.

**COMMITTEE RECOMMENDATION:**

N/A

**ENVIRONMENTAL REVIEW:**

This item is an administrative project, which is exempt from environmental review. No environmental documents must be filed.

**STEPS FOLLOWING APPROVAL:**

No steps are required of the City following adoption of the resolution at the conclusion of the public hearing.

Prepared by:

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Reviewed by:

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Judith Ray, Deputy City Manager and Acting Finance Director

Submitted by:

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George W. Britton, City Manager