



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** December 16, 2014

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Finance Department

**SUBJECT:** Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing For Cottage Health Systems Debt Issuance

### **RECOMMENDATION:**

That Council hold a public hearing and adopt, by reading of title only, A Resolution of the City Council of the City of Santa Barbara Approving the Issuance of the California Statewide Communities Development Authority Revenue Bonds (Cottage Health System Obligated Group), Series 2015, in an Aggregate Principal Amount Not to Exceed \$150,000,000 for the Purpose of Financing and Refinancing the Acquisition, Construction, Improvement, Equipping, Renovation, Rehabilitation and Remodeling of Certain Health and Support Facilities of Santa Barbara Cottage Hospital and Certain Other Matters Related Thereto.

### **DISCUSSION:**

The California Statewide Communities Development Authority ("Authority") is a joint exercise of powers authority formed to assist local governments and non-profits with their financing needs. The City is a member of the Authority.

The Authority is assisting Cottage Health Systems with a debt issuance in an amount not to exceed \$150 million to refinance existing obligations and to finance additional improvements to Cottage Hospital.

Under Internal Revenue Code, the governing body having jurisdiction over the area in which the facility financed by the bonds is located must: (1) conduct a public hearing and (2) approve the issuance of the debt. Therefore, because the new bond financing will benefit the Cottage Hospital Project, which is located within the City of Santa Barbara, the City Council must hold a public hearing and adopt a resolution approving the debt issuance. Council has held numerous such TEFRA (Tax Equity and Fiscal Responsibility Act) hearings.

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It is important to understand that the City is in no way associated with the debt issuance and is not obligated to make debt service payments on the bonds. The City Council must hold a public hearing in which interested persons are given an opportunity to be heard on all matters relative to the location, operation and financing of the project. Staff recommends the City Council hold the public hearing and adopt the resolution approving the issuance of bonds by the Authority.

**SUBMITTED BY:** Robert Samario, Acting Assistant City Administrator

**APPROVED BY:** City Administrator's Office