

City Council Special Meeting Agenda



JANUARY 14, 2014

6:00 p.m.

City of Turlock Yosemite Room

156 S. Broadway, Turlock, California

Mayor
John S. Lazar

City Manager
Roy W. Wasden
City Clerk
Kellie E. Weaver
City Attorney
Phaedra A. Norton

Council Members

Amy Bublak
Forrest White
Steven Nascimento
William DeHart, Jr.
Vice Mayor

SPEAKER CARDS: To accommodate those wishing to address the Council and allow for staff follow-up, speaker cards are available for any agenda item or any other topic delivered under Public Comment. Please fill out and provide the Comment Card to the City Clerk or Police Officer.

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Turlock City Council meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the City Council on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the City Council's consideration of the item.

AGENDA PACKETS: Prior to the City Council meeting, a complete Agenda Packet is available for review on the City's website at www.cityofturlock.org and in the City Clerk's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Council after distribution of the Agenda Packet are also available for public inspection in the City Clerk's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. CALL TO ORDER

2. A. STAFF UPDATE:

1. Donation of Surplus Equipment to Turlock Unified School District (*Van Guilder*)

B. PUBLIC PARTICIPATION – LIMITED TO ITEMS DESCRIBED IN THE NOTICE FOR THIS MEETING

This is the time set aside for citizens to address the City Council concerning any item that has been described in the notice for the meeting before or during consideration of that item. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Council addresses the matter.

3. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

4. CONSENT CALENDAR: None

5 **PUBLIC HEARING:**

Challenges in court to any of the items listed below, may be limited to only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the Turlock City Council at, or prior to, the public hearing.

6. **SCHEDULED MATTERS:**

- A. Request to authorize the participation by said City in the prepayment and defeasance of certain Certificates of Participation previously issued by said City for the benefit of Emanuel Medical Center, Inc.; Authorizing the execution and delivery by said City of documents relating to the prepayment and defeasance of said Certificates of Participation; and Related matters

Recommended Action:

Resolution: Authorizing the participation by said City in the prepayment and defeasance of certain Certificates of Participation previously issued by said City for the benefit of Emanuel Medical Center, Inc.; Authorizing the execution and delivery by said City of documents relating to the prepayment and defeasance of said Certificates of Participation; and Related matters

7. **ADJOURNMENT**

The foregoing meeting is hereby called by Mayor John S. Lazar at the above mentioned date and time pursuant to California Government Code §54956.



JOHN S. LAZAR, Mayor



**Council
Synopsis**

6A
January 14, 2014

From: Roy W. Wasden, City Manager

Prepared by: Marie Lorenzi, Senior Accountant

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing the participation by said City in the prepayment and defeasance of certain Certificates of Participation previously issued by said City for the benefit of Emanuel Medical Center, Inc.; Authorizing the execution and delivery by said City of documents relating to the prepayment and defeasance of said Certificates of Participation; and Related matters

2. DISCUSSION OF ISSUE:

In 2004 and 2007, Certificates of Participation were issued for the benefit of Emanuel Medical Center (EMC), the proceeds of which were used to finance various capital improvements on EMC's campus in Turlock. The City assisted EMC with these debt issuances by serving as the "conduit issuer" so that these Certificates of Participation would be eligible for tax-exemption (meaning that the interest component of the Certificate of Participation was exempt from gross income for federal income tax purposes). This allowed EMC to access the tax-exempt debt market in accordance with various Internal Revenue Service provisions.

At this time, EMC's assets are being sold to the Tenet Healthcare Corporation – a for profit corporation. Therefore, as part of the sales process and the requirements of the Internal Revenue Code, the outstanding tax-exempt debt needs to be prepaid / defeased (refunded). EMC will deposit proceeds from the sale of its assets into an irrevocable escrow account with a third party escrow agent in an amount sufficient to retire the debt when the prepayment dates are available. The 2004 debt is eligible for prepayment in October 2014 and the 2007 debt is eligible in October 2017.

At this time, the target date for closing the sale is January 27, 2014. The City has engaged outside legal counsel from the law firm of Orrick, Herrington, Sutcliffe to review the documents related to the refunding and depositing of funds into escrow. At the time of writing this Synopsis, all the documents related to this process were not final, so they are not attached to this report. Staff is requesting City Council authorization to execute the documents when they are ready with the understanding that neither the Mayor nor City Staff will execute the documents until our outside legal counsel approves the documents for execution.

3. BASIS FOR RECOMMENDATION:

Since the City of Turlock is a party to the financing documents relating to the Certificates of Participation as the conduit through whom EMC accessed the tax exempt debt market, there are documents the City will be asked to execute as part of the refunding and escrow process.

4. FISCAL IMPACT ANALYSIS

There is no fiscal impact to the City related to this action. As noted when the Certificates of Participation were originally issued, the financing documents clearly delineated that the City had no financial responsibility or liability for the repayment of the Certificates of Participation. Our outside legal counsel will review the documents pertaining to this refunding to ensure that this process does not have a financial impact to the City. EMC has agreed to pay for the cost of the City's outside legal counsel.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

None recommended

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

**IN THE MATTER OF AUTHORIZING THE }
PARTICIPATION BY SAID CITY IN THE }
PREPAYMENT AND DEFEASANCE OF }
CERTAIN CERTIFICATES OF }
PARTICIPATION PREVIOUSLY ISSUED BY }
SAID CITY FOR THE BENEFIT OF EMANUEL }
MEDICAL CENTER, INC.; AUTHORIZING THE }
EXECUTION AND DELIVERY BY SAID CITY }
OF DOCUMENTS RELATING TO THE }
PREPAYMENT AND DEFEASANCE OF }
SAID CERTIFICATES OF PARTICIPATION; }
AND RELATED MATTERS }**

RESOLUTION NO. 2014-

WHEREAS, the City of Turlock, a municipal corporation duly organized and existing under and pursuant to the laws of the State of California (the "City"), is authorized under provisions of the California Government Code, particularly Chapter 5 of Part 2 of Division 3 of Title 4 thereof (the "Act"), to purchase, sell and lease both personal and real property for the common benefit and as is necessary or proper for municipal purposes; and

WHEREAS, the City has previously provided installment purchase financing for the health facilities (the "Health Facilities") of Emanuel Medical Center, Inc., a California nonprofit public benefit corporation (the "Corporation"), through the issuance of its Health Facility Revenue Certificates of Participation (Emanuel Medical Center, Inc.) Series 2004A (the "Series 2004A Certificates of Participation") and the Health Facility Revenue Certificates of Participation (Emanuel Medical Center, Inc.) Series 2007A and Series 2007B (the "Series 2007 Certificates of Participation" and, together with the Series 2004A Certificates of Participation, the "Certificates of Participation"); and

WHEREAS, the Corporation is selling or transferring the Health Facilities to other entities, which transactions require that the Corporation provide for the prepayment and defeasance of the Certificates of Participation; and

WHEREAS, in order to provide for the prepayment and defeasance of the Certificates of Participation, the Corporation will deposit funds into irrevocable escrow accounts which funds will be sufficient to pay the principal of and interest on the Certificates of Participation coming due prior to the Prepayment Date (described below) and to prepay all of the outstanding Certificates of Participation on October 15, 2014 (with respect to the Series 2004A Certificates of Participation) and October 15, 2017 (with respect to the Series 2007 Certificates of Participation) or such other date as may be established by the Corporation (the "Prepayment Date"); and

WHEREAS, the escrow accounts established by the Corporation will be held by the trustee for the Certificates of Participation for the purpose of defeasing the Certificates of Participation in accordance with the provisions of the trust agreement under which they were issued; and

WHEREAS, the City Council now desires, among other things, to (i) approve the prepayment and defeasance of the Certificates of Participation and (ii) authorize and direct the execution and delivery of all documents required to be executed and delivered by the City in connection with such prepayment and defeasance.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED that the City Council of the City of Turlock does hereby determine the following:

Section 1. The City Council hereby approves the prepayment and defeasance of the Certificates of Participation as described in the preambles to this Resolution.

Section 2. The City Council hereby authorizes and directs the Mayor, the City Manager, the City Clerk and all other officers and officials of the City to execute any escrow deposit agreements, releases and any and all other documents and papers, and to perform and do any and all acts and things deemed necessary or convenient in order to effect the prepayment and defeasance of the Certificates of Participation, and to perform any other acts which may be necessary or convenient in connection therewith to carry out the intent and purposes of this Resolution. In the event the Mayor or the City Manager is unable or unavailable to execute documents or otherwise perform the duties specified herein with respect to the prepayment and defeasance of the Certificates of Participation, any other authorized official or officer of the City may execute such documents or perform such duties, provided that the execution and attestation of a document shall not be performed by the same person.

Section 3. All proceedings, resolutions and actions of the City and its officers and agents heretofore taken in connection with the transactions described herein are hereby ratified, confirmed and approved.

Section 4. It is hereby declared that all parts of this Resolution are severable, and if any section, paragraph, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect the remaining provisions of this Resolution.

Section 5. This Resolution shall be effective immediately upon its approval and adoption.

PASSED AND ADOPTED at a special meeting of the City Council of the City of Turlock this 14th day of January, 2014, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Kellie E. Weaver, City Clerk,
City of Turlock, County of Stanislaus,
State of California