



Date: December 17, 2024

To: Honorable Mayor and Members of the Council

From: Sheila Poisson, Finance Director | SPoisson@TorranceCA.Gov

Subject: Finance - Conduct Public Hearing and Adopt **RESOLUTION** Approving Issuance of Revenue Obligations for Benevolence Industries Incorporated's Financing Purpose. Expenditure: None.

RECOMMENDATION

Recommendation of the Finance Director that City Council:

1. Conduct a public hearing under the requirements of the federal Tax Equity and Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended (the "Code"), by Resolution; and
2. Adopt a **RESOLUTION** approving the issuance of the California Enterprise Development Authority Revenue Obligations ("Obligations") in an aggregate principal amount not to exceed \$37,000,000 for the purpose of financing and refinancing the cost of the acquisition, construction, renovation, equipping and furnishing of healthcare facilities and other related and appurtenant facilities for the benefit of Benevolence Industries Incorporated, d/b/a Benevolence Health Centers, a California nonprofit public benefit corporation, located at: 1010 Crenshaw Boulevard, Suite 100, Torrance, California 90501 (the "Torrance Facility"); 505-515 North Arrowhead Avenue, San Bernardino, California 92401; 1126 East South Street, Long Beach, California 90805; 303 North East Street, Anaheim, California 92805; 3631 Crenshaw Boulevard, Suite 109, Los Angeles, California 90016; and 12610 Glenoaks Boulevard (also known as 14040 Hubbard Street), Sylmar, California 91342 (collectively with the Torrance Facility, "Facilities"), and providing the terms and conditions for such Obligations and other matters relating thereto.

FUNDING

None required.

DISCUSSION

Background

The California Enterprise Development Authority (the "Authority") is a joint exercise of powers authority (JPA) established by the California Association for Local Economic Development (CALED) whose purpose is to issue tax-exempt and taxable conduit revenue bonds to fund commercial and industrial development projects within member jurisdictions, including to finance and refinance facilities owned and/or leased by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Benevolence Industries Incorporated, d/b/a Benevolence Health Centers, a California nonprofit public benefit corporation (the “Borrower”), is a federally qualified health center offering patient clinical care, patient safety, and education. Since 2005, the Borrower has provided health care and educational programs to the under-served and uninsured in Southern California. The Borrower’s goal is to be a beacon of hope for minorities and economically disadvantaged communities, providing community access to medical, dental and mental health clinics, including adult day health care centers, case management, youth programs as well as HIV/AIDS prevention and treatment.

The Borrower is an organization described in Section 501(c)(3) of the Code and operates the Facilities in connection with its mission of providing quality health care and excellent educational programs to the under-served and uninsured in Southern California.

Fiscal Impact

There is no financial impact to the City, and the City has no responsibility or liability whatsoever with respect to the Obligations. The hearing is solely for the purpose of satisfying the requirements of the federal Tax Equity and Fiscal Responsibility Act (TEFRA) and the Internal Revenue Code.

Project Description

The Authority requested the City facilitate a public hearing as required by TEFRA and the Code: (a) financing and/or refinancing the cost of acquisition, construction, renovation, equipping and furnishing of certain healthcare and ancillary facilities located at (i) 1010 Crenshaw Boulevard, Suite 100, Torrance, California 90501, consisting of approximately 15,106 square feet (the “Torrance Facility”), (ii) 303 North East Street, Anaheim, California 92805, consisting of approximately 2,365 square feet, (iii) 1126 East South Street, Long Beach, California 90805, consisting of approximately 4,330 square feet, (iv) 505-515 North Arrowhead Avenue, San Bernardino, California 92401, consisting of approximately 58,160 square feet, (v) 3631 Crenshaw Boulevard, Suite 109, Los Angeles, California 90016, consisting of approximately 15,000 square feet, and (vi) 12610 Glenoaks Boulevard (also known as 14040 Hubbard Street), Sylmar, California 91342 consisting of approximately 9,786 square feet (collectively with the Torrance Facility, the “Facilities”), (b) fund a debt service reserve fund, working capital and capitalized interest with respect to the Obligations; and (c) pay certain costs of issuance and other related costs in connection with the issuance of the Obligations.

The issuance of the Obligations will allow the Borrower to purchase its currently leased facilities and reduce financing costs and debt service costs for the Borrower. In order to satisfy the requirements for the Obligations to be issued as tax-exempt, the issuance of the Obligations by the Authority must be approved in accordance with Section 147(f) of the Code following a TEFRA hearing by the applicable representative of the governmental unit having jurisdiction of the territory in which the Facilities are located. The City Council of the City of Torrance is the elected legislative body of the City and is an applicable elected representative to approve the financing of the Torrance Facility under Section 147(f) of the Code.

Financing Plan

The Authority will act as issuer and perform all of the necessary legal and administrative responsibilities associated with the refinancing evidenced by the Obligations. The Obligations are special, limited obligations of the Authority payable solely through the repayment of the loans from the Authority to the Borrower, which repayment by the Borrower is used to pay the principal of and interest on the Obligations. The Obligations issued by the Authority are not an obligation of the City of Torrance (the "City"), or any member of the Authority. Neither the faith and credit nor the taxing power of the City, the State of California (the "State"), or any other political corporation, subdivision, or agency of the State is pledged to the payment of the principal of, premium (if any), or interest on, the Obligations; nor shall the City, the State, or any other political corporation, subdivision, or agency of the State be liable or obligated to pay the principal of, premium (if any), or interest on, the Obligations.

ATTACHMENT

1. Resolution Approving Issuance of Revenue Obligations for Benevolence Industries Incorporated's Financing Purpose