



La Palma City Council
November 7, 2017

Prime Healthcare Public Hearing: Issuance of Revenue Bonds





Summary

- ❖ **The Authority is authorized to assist in financing for nonprofit public benefit organizations wishing to issue revenue bonds**
- ❖ **In order to initiate such a financing, a member jurisdiction in which the Project resides, i.e., the City of La Palma, must:**
 - ❖ **(1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and**
 - ❖ **(2) approve the Authority's issuance of the Bonds.**



Background

- ❖ **The Borrower is a nonprofit corporation, organized under the laws of Delaware, and tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.**
- ❖ **The Borrower is the sole corporate member of Prime Healthcare La Palma, LLC, a Delaware limited liability company, which owns certain hospital, healthcare and related facilities located in the City of La Palma, California.**



Background

- ❖ **The proceeds from the sale of the Bonds will be loaned to the Borrower, which will use a portion of the \$387,000,000 proceeds, in the amount not to exceed \$20,000,000, to finance, refinance and/or reimburse the costs of the acquisition, construction, equipping and improvement of the hospitals, other healthcare facilities, and their related facilities, including land (the “Projects”), owned by Prime Healthcare La Palma, LLC, an affiliate of the Borrower, located generally at the following addresses in California: 5471 La Palma Avenue, La Palma and 7901 Walker Street, La Palma.**



Proposed Upgrades

- ❖ **Data Center fire suppression system**
- ❖ **Data Center redundant HVAC system**
- ❖ **Remodel of Acute Psychiatric area**
 - ❖ **(increasing bed count for psychiatric from 16 to 23)**
- ❖ **Nurse Call throughout facility**
- ❖ **Upgrade and add camera security camera system**
- ❖ **Replacement of infant security system**





Proposed Upgrades

- ❖ Replacement of rooftop HVAC (9 units + boiler + pump + 1 exhaust fan) all serving O.R. & LDRP
- ❖ Remodel Pharmacy for new 797 room (Clean Room)
- ❖ Install New Rad Room
- ❖ Install New CT Scanner
- ❖ Install new LED parking lot lights
- ❖ Mammography replacement





Fiscal Impact

- ❖ **Issuance of Revenue Bonds in amount of \$387,000,000**
- ❖ **Prime Healthcare La Palma to receive \$20,000,000**
- ❖ **Significant investment in the Community**
- ❖ **\$0 Cost to City**
- ❖ **Need City approval to Issue Bonds on a tax free basis**



Recommended Action

- ✓ **Open Public Hearing as required by the Internal Revenue Service**
- ✓ **Receive Staff Report**
- ❖ **Council Comments and Questions**
- ❖ **Receive Public Input**
- ❖ **Close Public Hearing**
- ❖ **Adopt a Resolution approving the Wisconsin Public Finance Authority's (the "Authority") issuance of revenue bonds (the "Bonds"), in an aggregate principal amount not to exceed \$20,000,000 to be used for projects in the City of La Palma, for the benefit of Prime Healthcare Foundation, Inc. (the "Borrower") and/or certain of its affiliates.**