

ORDINANCE 2023-02-02-0048

**BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS APPROVING THE ISSUANCE OF A PORTION OF CERTAIN REVENUE BONDS BY THE ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY IN SATISFACTION OF THE REQUIREMENTS CONTAINED IN SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.**

\* \* \* \* \*

**WHEREAS**, the Arizona Industrial Development Authority (the “Issuer”) is an Arizona nonprofit corporation designated as a political subdivision of the State of Arizona (“Arizona”), was incorporated with the approval of the Arizona Finance Authority pursuant to the provisions of the Constitution and laws of Arizona, including the Industrial Development Financing Act, Title 35, Chapter 5, Sections 35-701 et seq., Arizona Revised Statutes, as amended (the “Act”), and is empowered to issue bonds pursuant to the Act; and

**WHEREAS**, the Issuer intends to issue its tax-exempt and/or taxable revenue bonds (the “Bonds”) pursuant to the terms of the Act, the proceeds of which will be loaned to QCF Behavioral Hospitals I, LLC ( the “Borrower”), the sole member of which is QCF/I, Inc., a 501(c)(3) nonprofit healthcare organization (“QCF”), in order to finance all or a portion of the costs of acquiring, constructing, expanding, rehabilitating, remodeling, renovating and/or equipping two behavioral health hospitals, including facilities that are functionally related and subordinate to the main hospital facilities, and funding reserves, initial working capital, interest on the Bonds and costs of issuing the Bonds; and

**WHEREAS**, one such behavioral health hospitals, the San Antonio Behavioral Healthcare Hospital, is located in the City of San Antonio, Texas (the “City”) at 8550 Huebner Road, San Antonio, Texas (the “San Antonio Hospital Acquisition Project”); and

**WHEREAS**, the Bonds will be issued in an aggregate amount not more than \$280,000,000 of which is allocable to the San Antonio Hospital Acquisition Project; and

**WHEREAS**, on December 21, 2021, pursuant to section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the Issuer conducted a public hearing by toll free telephonic means accessible to the general public (the “December 2021 Hearing”), following reasonable public notice with respect to the Bonds and the San Antonio Hospital Acquisition Project and, on January 13, 2022 after receiving the minutes of the December 2021 Hearing which indicated that no comments were received, the City Council approved the issuance of the Bonds; and

**WHEREAS**, the COVID-19 pandemic caused delays in licensing of two of the hospitals in California involved in an interrelated transaction involving the issuance of the Bonds,

and the marketing and selling of the Bonds could not prudently commence until that licensing occurred and those two hospitals commenced operations; and

**WHEREAS**, the two hospitals have received their licenses and commenced operations, and the process to issue the Bonds is now proceeding, but the issuance will not occur prior to the one-year expiration of the prior City Council approval of January 13, 2022; and

**WHEREAS**, on January 24, 2023, the Issuer has held a new public hearing pursuant to Section 147(f) of the Code regarding the issuance of the Bonds, and the Issuer has requested that the City Council re-approve the issuance of the Bonds by the Issuer in order to satisfy the public approval requirement of Section 147(f) of the Code; and

**WHEREAS**, in order to satisfy the requirements of section 147(f) of the Code, it is necessary for the City Council or the Mayor of the City in which the San Antonio Hospital Acquisition Project is located to approve the Bonds allocable to the San Antonio Hospital Acquisition Project after the Hearing has been held, together with any other necessary elected official or governing body pursuant to the Code; and

**WHEREAS**, it is deemed necessary and advisable that this Ordinance be adopted; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS THAT:**

**SECTION 1.** This Ordinance is adopted for the purposes of section 147(f) of the Code and the regulations promulgated thereunder.

**SECTION 2.** The portion of the Bonds allocable to the San Antonio Hospital Acquisition Project, which will be issued in a maximum aggregate principal amount not to exceed \$280,000,000, is hereby approved pursuant to section 147(f) of the Code.

**SECTION 3.** The approvals herein given are in accordance with the provisions of section 147(f) of the Code, and are not to be construed as any undertaking by the City, and the Bonds shall never constitute an indebtedness or pledge of the City, or the State of Texas, within the meaning of any constitutional or statutory provision, and the holders of the Bonds shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any part out of any funds raised or to be raised by taxation or any other revenues of the Issuer, the City, or the State of Texas, except those revenues assigned and pledged by the Issuer in the Bond Indenture to be executed by the Issuer in connection with the issuance of the Bonds.

**SECTION 4.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.



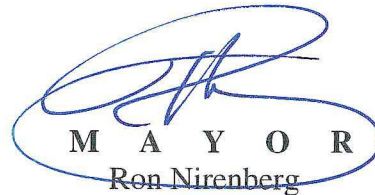
**SECTION 5.** All resolutions or ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters resolved herein.

**SECTION 6.** This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**SECTION 7.** If any section, paragraph, clause, or provision of this Ordinance shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance. In case any obligation of the Issuer authorized or established by this Ordinance or the Bonds is held to be in violation of law as applied to any person or in any circumstance, such obligation shall be deemed to be the obligation of the Issuer to the fullest extent permitted by law.

**SECTION 8.** The effective date of this Ordinance shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Ordinance shall take effect immediately if passed by eight (8) affirmative votes; otherwise, this Ordinance shall take effect ten (10) days from the date of passage.

**PASSED AND ADOPTED** by an affirmative vote of eight members of the City Council of the City of San Antonio, Texas, this the 2<sup>nd</sup> day of February 2023.



M A Y O R  
Ron Nirenberg

**ATTEST:**



Debbie Racca-Sittre, City Clerk

**APPROVED AS TO FORM:**



Andrew Segovia, City Attorney



## City of San Antonio

### City Council Meeting February 2, 2023

9.

**2023-02-02-0048**

Ordinance approving the issuance by the Arizona Industrial Development Authority of its tax-exempt and/or taxable revenue bonds (the "Bonds") allocable to the San Antonio Hospital Acquisition Project for purposes of Section 147 (f) of the Internal Revenue Code. The Borrower will pay the City an administrative fee of \$280,000 upon the adoption of the requested Ordinance which will be deposited into the General Fund. [Ben Gorzell, Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer].

Councilmember Rocha Garcia moved to Approve on the Consent Agenda. Councilmember Courage seconded the motion. The motion carried by the following vote:

**Aye:** Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Pelaez, Courage, Perry

**Absent:** DISTRICT 7