

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
ECONOMIC DEVELOPMENT DEPARTMENT**

**TO:** Mayor and City Council

**FROM:** Ramiro A. Cavazos, Director

**SUBJECT:** Consenting to the issuance of tax-exempt bonds by the Fayette County Health Facilities Development Corporation to provide financing for the construction of a medical clinic by Barrio Comprehensive Family Health Care Center

**DATE:** February 2, 2006

**SUMMARY AND RECOMMENDATIONS:**

An ordinance consenting to the issuance of qualified tax-exempt bonds by the Fayette County Health Facilities Development Corporation, on behalf of the Barrio Comprehensive Family Health Care Center, to provide \$5 million in long-term financing for the Dr. Frank Bryant Health Center located at the corner of East Commerce and Spriggsdale (Council District 2). Under state law, another jurisdiction can issue bonds in San Antonio, but only with the consent of City Council. The Barrio Comprehensive Family Health Care Center is fully liable for the repayment of the bonds. The requested consent does not obligate nor create any expectations of, or liabilities for the City of San Antonio.

Staff recommends approval of this resolution.

**BACKGROUND INFORMATION:**

The Fayette County Health Facilities Development Corporation ("Issuer") proposes to issue tax-exempt notes to provide long-term financing for a medical clinic on behalf of the Barrio Comprehensive Family Health Care Center ("Barrio"). The project, known as the Dr. Frank Bryant Health Center, ("the Project") is a 40,000 square foot medical clinic located at the corner of East Commerce and Spriggsdale in Council District 2 in San Antonio, Texas. The project is owned and operated by Barrio.

The Barrio began operations as a two-room pediatric clinic in the back of St. Timothy's Church in 1972 and as of December 2005, is now housed at the East Commerce location. Barrio became federally funded in 1978 as a community and migrant health center. Currently, the services of Barrio are supported by federal and state funding, private foundations and corporations, as well as patient fees. Over the years, Barrio has evolved into a full-service family health center capable of addressing all the basic health care needs of its patients, including medical, dental, nutrition, mental health and health education services. Other services include in-house lab, radiology, pharmacy, WIC (Women, Infants and Children) services, social services, family planning, HIV testing and counseling, and transportation assistance.

The Fayette County Health Facilities Development Corporation will issue \$5 million in tax-exempt bonds to provide financing for the project. However, the Texas Health Facilities Development Corporation Act requires the issuer to first obtain consent to conduct the financing from each city, county, or hospital district within

which such health facilities are located. Since the project is located in the City of San Antonio, the consent of the City is required prior to the financing of the Project with bond proceeds.

**POLICY ANALYSIS:**

The Texas Health Facilities Development Corporation Act and the United States Internal Revenue Code require the consent of the City of San Antonio before the issuance of Bonds for this project by the Fayette County Health Facilities Development Corporation. These laws grant to any authorized issuer the ability to issue debt to finance a project located in another jurisdiction, if the jurisdiction in which the project is located consents to the issuance by the other jurisdiction.

In compliance with the Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA) regulations, attorney Michael Spain, as duly authorized representative of the Issuer, conducted a public hearing on December 20, 2005. The University Health System consented to the issuance of \$4 million in November of 2005, and will consider consenting to an additional \$1 million in early 2006. Bexar County will consider consent to the issuance of \$5 million in early 2006.

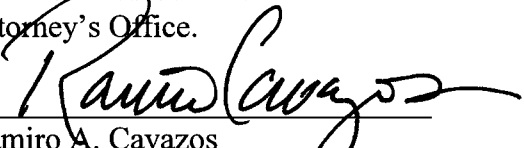
It should be noted that a similar corporation exists for the City of San Antonio. The City of San Antonio Health Facilities Development Corporation (CSAHFDC) was chartered to promote and develop new, expanded or improved health facilities for the health and welfare of the citizens of San Antonio.


**FISCAL IMPACT:**


There is no financial impact to the City of San Antonio. A processing fee of \$2,500 has been received in connection with this requested action and will be deposited into the City of San Antonio Health Facilities Development Corporation fund. The consent of this issue does not create any expectations of, or risks or liabilities to the City of San Antonio.

**COORDINATION:**

This item has been coordinated with the Finance Department, Office of Management and Budget and the City Attorney's Office.

  
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Ramiro A. Cavazos  
Director, Economic Development Department

  
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Jelynn LeBlanc Burley  
Assistant City Manager

  
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Sheryl Sculley  
City Manager

**CONSENTING TO  
TAX-EXEMPT HEALTH FACILITIES BOND  
FINANCING BY  
FAYETTE COUNTY HEALTH FACILITIES  
DEVELOPMENT CORPORATION  
FOR  
THE DR. FRANK BRYANT  
HEALTH CARE CENTER OF THE BARRIO  
COMPREHENSIVE FAMILY HEALTH CARE  
FACILITY**

**Item #  
February 2, 2006**

**1**

**BACKGROUND**

- Barrio Comprehensive Family Health Care Facility (Barrio) began as a two-room pediatric clinic in the back of St. Timothy's Church and has been located at 1102 Barclay in District 5 since 1972.
- Barrio became federally funded in 1978 as a community and migrant health center and whose services are supported by federal and state funding, private foundations and corporations, and patient fees.
- In December 2005, Barrio moved to the newly constructed Dr. Frank Bryant Health Care Center on East Commerce in District 2.

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### **BACKGROUND (cont.)**

- Barrio has evolved into a full-service family health center capable of addressing all the basic health care needs of its patients, including medical, dental, nutrition, mental health and health education services.
- Other services include in-house lab, radiology, pharmacy, WIC (Women, Infants and Children) services, social services, family planning, HIV testing and counseling, and transportation assistance.
- Barrio provides services to 56 medically underserved and health professional shortage area census tracts throughout the east and west quadrants of the City.

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### **PROJECT INFORMATION**

- Barrio is requesting consent from City Council to allow the Fayette County Health Facilities Development Corporation to issue \$5 million in tax-exempt bonds to support long-term financing of the new clinic project.
- The project, known as the Dr. Frank Bryant Health Center, is a 40,000 square foot medical clinic located at the corner of East Commerce and Spriggsdale in Council District 2 (Inner City TIRZ) in San Antonio, Texas.
- The project is owned and operated by the Barrio Comprehensive Family Health Care Center.

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### **PROJECT INFORMATION (cont.)**

- A tax-exempt bond is issued by a governmental entity whose interest payments are not subject to federal income tax.
- A bond is usually offered for sale through an underwriter or in a private placement by a government entity.
- Tax benefits to financial institutions encourage participation in these types of projects.
- By federal law, the City is limited to \$10 million of qualified tax-exempt debt obligations of any type per year.

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### **PROJECT INFORMATION (cont.)**

- Insert a picture???

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## **PROJECT INFORMATION (cont.)**

- The Texas Health Facilities Development Corporation Act requires an issuer of tax-exempt bonds to first obtain consent to the financing from each city, county, or hospital district within which such health facilities are located.
- Bexar County will consider this issuance in early 2006.
- The University Health System consented to the issuance of \$4 million in November 2005 and will consider consenting to an additional \$1 million in early 2006.

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## **FISCAL IMPACT**

- There is no financial impact to the City of San Antonio.
- A processing fee of \$2,500 has been requested in connection with this requested action.
- The consent of this issue does not create any expectations, risks or liabilities of the City of San Antonio.

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## **COORDINATION**

- This item has been coordinated with the City Attorney's Office, Office of Management and Budget and the Finance Department.

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## **STAFF RECOMMENDATION**

- Staff recommends approval of this ordinance.

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