



Staff Report

TO: Honorable Mayor and Members of the City Council
FROM: Chapman and Cutler LLP
BY: Nicole Wheelwright, Deputy City Clerk
DATE: May 5, 2026
SUBJECT: Tax Equity and Fiscal Responsibility (TEFRA) Hearing for Aurora Recovery Center Located at 210 West Sixth Street

Description: Consideration of the approval of the issuance of bonds by the Public Finance Authority (the "PFA") in an aggregate principal amount not to exceed \$750,000,000 for the benefit of Flyland Holdings LLC and its affiliates, for the purpose of satisfying the requirements of Section 147(f) of the Internal Revenue Code and Section 4 of the PFA's Joint Powers Agreement.

Background and Analysis:

Flyland Holdings LLC (the "Borrower"), a Wisconsin limited liability company and a disregarded entity of Stepstone Health Foundation, a Delaware nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), has requested that the Public Finance Authority (the "PFA") serve as the issuer of tax-exempt and/or taxable revenue bonds in an aggregate principal amount not to exceed \$750,000,000 (the "Bonds"). The proceeds of the Bonds will be loaned to the Borrower and used, together with certain other funds, (i) to pay or reimburse the Borrower and/or Flyland Recovery Network, LLC ("FRN"), the costs of acquiring, directly or indirectly through the acquisition of a membership interest in the Users (as hereinafter defined), certain substance use disorder and behavioral health facilities and related improvements located in the States of Florida, Ohio, Indiana, Texas and California and owned or operated by the Users, including the Facility (as hereinafter defined) located in the City of Beaumont, California (the "City"); (ii) funding one or more debt service reserve funds for the benefit of the Bonds, if deemed necessary or desirable by the Issuer or the Borrower; (iii) funding working capital for the Borrower or the Users, if deemed necessary or desirable by the Issuer or the Borrower; (iv) funding interest accruing on the Bonds, if deemed necessary or desirable by the Issuer or the Borrower; and (v) paying certain expenses incurred in connection with the issuance of the Bonds, including the cost of any bond insurance or other credit or liquidity enhancement, if any (collectively, the "Project"). The Bonds will be issued as qualified 501(c)(3) bonds pursuant to Section 145 of the Code.

A portion of the proceeds of the Bonds in a principal amount not to exceed \$67,000,000 will be used to finance the acquisition of an inpatient substance use disorder and behavioral health facility known as Aurora Recovery Center located at 210 West 6th Street, Beaumont, California 92223 (the “Facility”) which will be owned or principally used by one or more of the Borrower, FRN, and URP California LLC (the “Corporation” and, together with FRN and certain other affiliated entities, the “Users”).

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City must conduct a public hearing (the “TEFRA Hearing”) providing the members of the community an opportunity to speak in favor of or against the use of the Bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project. Adoption of the resolution is solely for the purposes of satisfying the requirements of Section 147(f) of the Code and Section 4 of the Agreement (as hereinafter defined) and the City will have no obligation with respect to the Bonds.

The PFA is a commission organized under and pursuant to Section 66.0304 of the Wisconsin Statutes and the Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated as of September 28, 2010 (the “Agreement”), among certain political subdivisions of the State of Wisconsin. The PFA is authorized to issue revenue bonds for financing projects located throughout the United States, making it an efficient and cost-effective conduit issuer for borrowers with facilities in multiple jurisdictions.

Fiscal Impact:

There is no fiscal impact to the City. The Bonds will be issued as limited obligations of the PFA, payable solely from revenues and receipts derived from a loan to be made by the PFA to the Borrower with the Bond proceeds. The City bears no liability with respect to the issuance of the Bonds. Further, the City is not a party to any of the financing documents related to the Bond issuance and is not named in any of the disclosure documents describing the Bonds or the proposed financing.

Recommended Action:

Hold a public hearing; and

Waive the full reading and adopt by title only, “Resolution of the Council of the City of Beaumont, California Approving the Issuance of the Public Finance Authority Revenue

Bonds, (Flyland Holdings LLC Obligated Group) Series 2026 in an Aggregate Principal Amount Not To Exceed \$750,000,000 and Certain Other Matters Relating Thereto”

Attachments:

- A. Resolution Approving Bond Issuance
- B. Public Notice