



Legislation Details (With Text)

File #: 14-3938 **Name:**
Type: Resolution **Status:** Agenda Ready
File created: 4/3/2015 **In control:** City Council Legislative Meeting
On agenda: 4/14/2015 **Final action:**
Title: Consideration of a Resolution Authorizing the Issuance of Revenue Bonds by the Industrial Development Authority of the City of Alexandria for Goodwin House Incorporated [ROLL-CALL VOTE]
Sponsors:
Indexes:
Code sections:
Attachments: 1. 14-3938_Attachment 1 - Goodwin House Resolution, 2. 14-3938_Attachment 2 - IDA Resolution, 3. 14-3938_Attachment 3 - Certificate and Notice of Public Hearing, 4. 14-3938_Attachment 4 - Fiscal Impact Statement, 5. 14-3938_After Items

| Date | Ver. | Action By | Action | Result |
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City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 8, 2015
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, ACTING CITY MANAGER /s/

DOCKET TITLE:
Consideration of a Resolution Authorizing the Issuance of Revenue Bonds by the Industrial Development Authority of the City of Alexandria for Goodwin House Incorporated [ROLL-CALL VOTE]

ISSUE: Resolution authorizing the issuance of revenue bonds by the Alexandria Industrial Development Authority (AIDA) in an amount not to exceed \$75,000,000 to assist Goodwin House, Inc., a not-for-profit 501 (c)(3) corporation in financing the costs of improvements and additions to its facility at Goodwin House Alexandria, including, without limitation, (a) constructing and equipping a new five-story nursing and memory care facility, along with auditorium and community meeting spaces, (b) renovating the first and second floors of the existing nursing and memory care facility to create additional residential apartments and assisted living apartments, (c) expanding and upgrading common areas and amenities, principally dining and other functional spaces, and (d) financing routine capital improvements and equipment (collectively, the “Project”).

RECOMMENDATION: That City Council adopt the attached Resolution (Attachment 1) as recommended by the AIDA.

DISCUSSION: On April 7, 2015, the AIDA passed a resolution (Attachment 2) authorizing the issuance of AIDA revenue bonds in an amount not to exceed \$75,000,000 for the purpose of assisting Goodwin House, Inc., to finance or refinance certain costs of (1) of improvements and additions to its facility at Goodwin House Alexandria, including, without limitation, items listed above as (a) - (d); (2) the refunding of all or a portion of the outstanding \$53,290,000 Variable Rate Demand Revenue Refunding Bonds (Goodwin House), Series 2005 (the “Series 2005 Bonds”), issued by the Authority, including the payment of costs incurred with respect to the termination of a swap entered into in connection with the Series 2005 Bonds; (3) the payment of certain costs of issuance incurred in connection with the Project and the issuance of the Bonds, funded interest on the Bonds, and the cost of credit enhancement for the Bonds; and (4) the funding of reserves, including a debt service reserve fund, for all or part of the Bonds (collectively, the “Plan of Finance”).

Goodwin Housing Alexandria is a continuing care retirement community owned and operated by Goodwin House. The physical facilities of Goodwin House Alexandria include a 9-story original building constructed in 1967 and a 15-story residential tower build in 1996. The original building houses a Health Care Unit consisting of 80 licensed skilled nursing beds (2nd floor) and a memory care unit consisting of 12 beds (1st floor). The new Health and Wellness Building will provide 80 private, single occupancy, skilled nursing care rooms, as well as 10 memory-support rooms. A new auditorium will be housed on the 1st floor of the new building, which is referred to as the Center of Excellence (COE).

The COE will represent a departure from more traditional methods of caring for residents who require skilled nursing and memory support services by introducing a small house model for care. The design of each resident floor will consist of two side-by-side, 10-room small houses serving 20 residents. Each small house will include a living room, dining room, kitchen and a private resident bedroom and bath, a model that seeks to replicate the home environment while improving sight lines of staff so that they can see and interact with residents from any place in the house.

Upon completion and occupancy of the COE, the existing 2nd floor skilled nursing area will be converted to residential living, enabling the creation of an additional 11 assisted living apartments and 8 residential living apartments. Additionally, the existing 1st floor memory support area will be converted to 6 residential living apartments.

The project will also include upgrading and expanding certain common areas and amenities at the Alexandria campus, principally dining and other functional spaces, and the expansion and improvement of “back of the house” functions including service elevators, loading docks and food storage capacities.

The mission of Goodwin House Incorporated is to support, honor and uplift the lives of older adults and the people who care for them through a faith-based, nonprofit organization affiliated with the Episcopal Church. Goodwin House, Inc. owns and operates two continuing care retirement communities - Goodwin House Alexandria and Goodwin House Bailey’s Crossroads, includes Goodwin House Foundation, and is management agent for The Lewinsville Retirement Residences, Inc., in McLean, Virginia.

Goodwin House, Inc. currently consists of 789 total employees with an average annual salary of approximately \$45,000. In calendar year 2014, 375 full and part-time employees of Goodwin House lived in Alexandria, earning total gross pay of \$8.7 million. According to their Fiscal Impact statement, GHI estimates the value of goods and services purchased from Virginia companies is nearly \$20 million. With the bond proceeds Goodwin House estimates they will be purchasing \$4.3 million of furniture, fixtures and equipment for the new facility.

FISCAL IMPACT: The AIDA has the authority under State law to issue tax-exempt Revenue Bonds for

certain nonprofit organizations and has done so frequently in the past. An administrative fee is charged to applicants for the bond financing. The fee is used to partially fund the City-approved operating costs of the Alexandria Economic Development Partnership (AEDP). The AIDA will receive a fee of up to \$152,445, depending on the ultimate size of the bonds issue. The City receives a payment in lieu of taxes of approximately \$43,000 from Goodwin House, which has a tax exempt status for real and personal property.

Since these are conduit revenue bonds, the City is not obligated to repay the bonds or the interest on the bonds. The bonds do not contain any pledge of the City's faith and credit. The obligation rests solely with Goodwin House, Inc. Under federal and State law, eligible non-profits such as this organization can avail themselves of tax-exempt financing for financing real property acquisition, if such non-profits finance their projects through public authorities such as the AIDA.

ATTACHMENT:

Attachment 1 - Proposed Council Resolution

Attachment 2 - April 7, 2015, Resolution of the Industrial Development Authority of the
City of Alexandria

Attachment 3 - Notice and Certification of Public Hearing

Attachment 4 - Goodwin House Fiscal Impact Statement

STAFF:

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Partnership