



Legislation Text

File #: 14-5117, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 6, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Resolution Authorizing the Issuance of Refunding Bonds by the Industrial Development Authority of Fairfax County for Inova Health Systems. [ROLL-CALL VOTE]

ISSUE: Resolution approving the issuance of refunding bonds by the Industrial Development Authority (IDA) of Fairfax County to assist Inova Health Systems (Inova) in refunding all or a portion of the outstanding amount of revenue bonds.

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

BACKGROUND: In April 2009, the IDA of Fairfax County issued \$355 million in bonds (2009 Bonds) so that Inova could refinance debt that was originally issued in 1995, 2001, and 2005 for a variety of hospital projects. In addition to facilities in Fairfax County, some of these projects were in Loudoun County and the City of Alexandria, including facilities at Inova Alexandria Hospital. When the original bonds were issued, the Loudoun Board of Supervisors and Alexandria City Council voted to approve the financing, as required by the Industrial Development Revenue Bond Act ("Act") and the Internal Revenue Code ("Code"). In December 2012, when all or a portion of the 2009 Bonds were advance refunded, including by the issuance of the IDA of Fairfax County's Health Care Revenue Bonds (Inova Health System Project), Series 2012C (2012C Bonds), the Loudoun Board of Supervisors and Alexandria City Council voted to approve the refinancing, as required by the Act and the Code.

DISCUSSION: On April 5, 2016, the AIDA held a public hearing and considered a resolution (Attachment 4) concurring in and approving the issuance of tax-exempt refunding bonds by the IDA of Fairfax County to assist Inova in refunding all or a portion of the outstanding amount of 2009 Bonds and 2012C Bonds.

Inova wishes to refinance all or a portion of the 2009 Bonds and 2012C Bonds up to a total of \$305 million in

order to achieve present value savings. The proceeds of the new refunding bonds will be placed in escrow and used to redeem the particular 2009 Bonds and 2012C Bonds to be redeemed on the respective first call dates, which will be later than 90 days after the issuance of the refunding bonds. Therefore, the new issue will constitute an advance refunding under the Code.

The Code and the Act require that a public hearing be held in connection with an advance refunding and that the issuance of the refunding bonds be approved by the governmental unit having jurisdiction over the area in which any facility receiving financing from such issue is located. Because the proceeds of the original bonds were used, in part, for facilities located in the City of Alexandria, City Council's approval is required for Inova to refinance at this time.

FISCAL IMPACT: None. The refunding bonds and any costs associated with them will not be obligations of the AIDA, the City of Alexandria, or the Commonwealth of Virginia.

ATTACHMENTS:

Attachment 1 - Proposed Council Resolution

Attachment 2 - Notice and Certification of Public Hearing

Attachment 3 - Fiscal Impact Statement

Attachment 4 - April 5, 2016 Resolution of the Industrial Development Authority of the
City of Alexandria

STAFF:

Kendel Taylor, Director of Finance

Stephanie Landrum, President and CEO, Alexandria Economic Development Partnership