



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 22, 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 Fairfax County Economic Development Authority for Goodwin House Incorporated. [ROLL-CALL VOTE]

ISSUE: Resolution approving the issuance of refunding bonds by the Fairfax County Economic Development Authority (FCEDA) to assist Goodwin House Incorporated (Goodwin) in refunding all or a portion of certain outstanding revenue bonds.

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

BACKGROUND: Goodwin owns and operates two continuing care retirement communities in Northern Virginia: Goodwin House Alexandria (GHA) located in the City of Alexandria and Goodwin House Bailey's Crossroads located in Fairfax County. Goodwin has utilized tax-exempt bonds issued by FCEDA and AIDA to finance and refinance improvements to its facilities.

In 2005, AIDA issued \$53,290,000 million of AIDA bonds (2005 Bonds) to finance improvements to GHA and refinance certain indebtedness. When the 2005 Bonds were issued, City Council voted to approve the financing, as required by the Virginia Industrial Development and Revenue Bond Act (IDB Act) and the Internal Revenue Code (IRC). In 2007, FCEDA issued \$143,155,000 of its bonds (2007 Bonds) to finance improvements to Goodwin's facility in Fairfax County and also to refund a portion of the 2005 Bonds. The Fairfax County Board of Supervisors approved the 2007 Bonds, but City Council approval was not obtained because the refunded 2005 Bonds were redeemed within 90 days of the issuance of the 2007 Bonds and, therefore, did not constitute an advance refunding for which City Council approval would have been required. Most recently, City Council approved the issuance of \$68,815,000 AIDA bonds in 2015 (2015 Bonds) to finance a new nursing and memory care facility at GHA as well as renovation and expansion of the existing GHA facilities, which are currently under construction.

DISCUSSION: On June 27, 2016, the AIDA will hold a public hearing and consider a resolution (Attachment 3) concurring in and approving the issuance of tax-exempt refunding bonds by the FCEDA to assist Goodwin in refunding the outstanding amount of 2007 Bonds.

Goodwin wishes to refinance the 2007 Bonds up to a total of \$150 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 2007 Bonds on the first call date, 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 IRC.

The IDB Act and the IRC 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 geographic area in which any facility receiving financing from such issue is located. Because the proceeds of the 2007 Bonds were used, in part, for facilities located in the City of Alexandria, City Council's approval is required for Goodwin to refinance at this time.

The refunding will have no effect on the 2015 Bonds, which will remain outstanding after the refunding of the 2007 Bonds.

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 - June 27, 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