



Legislation Text

File #: 18-7016, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 6, 2017

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 American Academy of Otolaryngology - Head and Neck Surgery. [ROLL-CALL VOTE]

ISSUE: Consideration of a resolution authorizing the issuance of refunding bonds by the Industrial Development Authority of the City of Alexandria (AIDA) in an amount not to exceed \$8.35 million to assist the American Academy of Otolaryngology - Head and Neck Surgery (the Borrower), a not-for-profit 501(c)(3) corporation to (a) refund all or a portion of the Authority's outstanding Headquarters Facilities Revenue Bonds (American Academy of Otolaryngology - Head and Neck Surgery Foundation, Inc.) Series 2008A (Taxable) and Series 2008B (Tax-Exempt).

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

BACKGROUND: In November 2007, City Council and the AIDA authorized the issuance of AIDA revenue bonds in an amount not to exceed \$16 million for the purpose of assisting the American Academy of Otolaryngology - Head and Neck Surgery Foundation (AAO - HNSF) to finance the acquisition of an office building at 1650 Diagonal Road.

DISCUSSION: On December 5, 2017, the AIDA held a public hearing (Attachment 2) and considered a resolution (Attachment 3) concurring in and approving the issuance of tax-exempt refunding bonds to assist the American Academy of Otolaryngology - Head and Neck Surgery Foundation (AAO - HNSF) in refunding all or a portion of the outstanding amount of the 2008 Bonds.

FISCAL IMPACT: The AIDA has the authority under State law to issue tax-exempt Industrial 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 AEDP. The AIDA will receive a fee of \$5,000 for this refunding application. AAO - HNSF employs 70 employees in the City with an average salary of \$93,000 (Attachment 4).

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 the American Academy of Otolaryngology - Head and Neck Surgery Foundation (AAO - HNSF). 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.

ATTACHMENTS:

Attachment 1 - Proposed Council Resolution

Attachment 2 - Notice and Certification of Public Hearing

Attachment 3 - December 5, 2017 Resolution of the Industrial Development Authority of the
City of Alexandria

Attachment 4 - Fiscal Impact Statement

STAFF:

Kendel Taylor, Director of Finance

Stephanie Landrum, President and CEO, Alexandria Economic Development Partnership, Inc.