



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

DCM: Bryan Langley

DATE: July 18, 2017

SUBJECT

Consider approval of a resolution approving the issuance of Revenue Bonds by the Colorado Health Facilities Authority on behalf of the Evangelical Lutheran Good Samaritan Society in an aggregate principal amount not to exceed \$5,100,000; recognizing that the City of Denton is not responsible for issuing the Revenue Bonds and has no financial obligation to pay any principal of or interest on the Revenue Bonds; making certain findings in connection therewith; and providing an effective date.

BACKGROUND

The Colorado Health Facilities Authority (the "Issuer") proposes, on behalf of the Evangelical Lutheran Good Samaritan Society (the Society) to issue revenue bonds (the "Bonds") pursuant to Article 25, Title 25 of Colorado Revised Statutes (the "Act"). A portion of the Bond proceeds in an amount not to exceed \$2,400,000 will be used to finance or refinance the Society's senior living and senior care facility located at Good Samaritan Society-Lake Forest Village, 3901 Montecito Drive, Denton, Texas 76210 and in an amount not to exceed \$2,700,000 will be used to finance or refinance the Society's senior living and senior care facility located at Good Samaritan Society-Denton Village, 2500 Hinkle Drive, Denton, Texas, 76201 (collectively, the "Project"). The remainder of the proceeds of the Bonds will be used to establish a reserve fund for the Bonds and pay certain costs of issuing the Bonds.

Evangelical Lutheran Good Samaritan Society is a North Dakota nonprofit corporation exempt from taxation under Section 501(c) (3) of the Internal Revenue Code of 1986.

Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires the Issuer to obtain a consent to the financing from a governmental unit within which such health facilities are located. The Project is being financed with bond proceeds and is located within the jurisdiction of the City of Denton, Texas. Therefore, pursuant to the Code, the City of Denton's consent is required prior to the Project's financing. Consent is required solely for the purpose of satisfying the Code and to enable the Issuer to proceed with the proposed financing of the Project with tax exempt bonds.

In accordance with the Code, a Notices of Public Hearings were published in the Denton Record Chronicle on June 21, 2017. The Public Hearings were held within the City of Denton at 3901 Montecito Drive, Denton, Texas 76210 and 2500 Hinkle Drive, Denton, Texas, 76201, 9:00 a.m. on July 10, 2017.

RECOMMENDATION

Staff recommends approval of the resolution.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On June 16, 2015, the City Council approved Resolution 2015-024 approving the issuance of an amount not to exceed \$4,200,000 that was used to finance the acquisition, construction, improvement and equipping of home health operations at the ARC Home Healthcare.

On August 20, 2013, the City Council approved Resolution 2013-024 approving the issuance of an amount not to exceed \$800,000 that was used to finance the acquisition, construction, improvement and equipping of skilled nursing facility upgrades at the Good Samaritan Society – Lake Forest Village.

On May 18, 2004, the City Council approved Resolution 2004-024 approving the refunding of approximately \$6,950,000 in outstanding Denton Health Facilities Development Corporation's Health Facilities Refunding Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project) Series 1993 and 1994, which reflected a series of refundings of the original debt. This was used to finance the acquisition, construction, improvement and equipping of 188 retirement apartments and a 60 bed long-term care facility at the Lake Forest Good Samaritan Village and 77 retirement apartments and a 92 bed long-term care facility at the Denton Good Samaritan Village.

FISCAL INFORMATION

The Bonds will be payable solely from revenues of the Society and the City of Denton will have no obligation whatsoever for payment of the Bonds, nor shall any of its assets be pledged for payment for the Bonds.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Organizational Excellence

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Letter from Kutak Rock LLP
2. Public Hearing Notices
3. Letter from City's Bond Counsel
4. Resolution

Respectfully submitted:
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