



Legislation Text

File #: 16-343, **Version:** 1

RESOLUTION 5141: ADOPT A RESOLUTION APPROVING THE ISSUANCE OF REVENUE AND REFUNDING BONDS NOT TO EXCEED \$42,000,000 BY THE GLENDALE INDUSTRIAL DEVELOPMENT AUTHORITY FOR THE ROYAL OAKS LIFE CARE COMMUNITY PROJECT

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Purpose and Recommended Action

This is a request for City Council to waive reading beyond the title and adopt a resolution authorizing the Glendale Industrial Development Authority (Authority) to issue revenue and refunding bonds in one or more series, for the Royal Oaks Life Care Community pursuant to a plan of finance, in an aggregate principal amount not to exceed \$42,000,000 for the purpose of:

- Refunding and refinancing the outstanding principal amount of the Arizona Health Facilities Authority Senior Living Revenue Bonds Series 2014A and Series 2014B (Royal Oaks Life Care Community);
- Paying for certain expenses relating to the issuance of the Bonds and the refunding/refinancing.

All of which is in accordance with the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended, and has no impact on the City's own ability to issue bonds nor does it affect the City's bond rating.

Background

The Authority is an Arizona nonprofit corporation designated by law as a political subdivision of the State of Arizona. Under the provisions of the Industrial Development Financing Act. The City Council of the City of Glendale is the governing body of the Authority, is responsible for electing the Directors of the Authority, and must approve the issuance of the bonds by the Authority.

The Authority is empowered to issue the bonds, and loan the proceeds from the sale of the bonds for the purposes provided for in the Act. Under the provisions of A.R.S. § 35-742, the City of Glendale is not liable or obligated for the payment of bonds or other debt obligations issued by the Authority. Neither the Authority's issuance of bonds nor the Authority's bond rating have any impact or bearing on the City's own ability to issue bonds or the City's bond rating.

The applicant for financing is People of Faith, Inc. d/b/a Royal Oaks Life Care Community, an Arizona nonprofit corporation recognized as an exempt organization under Section 501(c)(3) of the Internal Revenue Code with facilities located in Sun City, Arizona. The Royal Oaks Life Care Community is home to approximately 600 residents and has 360 independent living units, 119 assisted living units and 50 memory care units.

Analysis

The Industrial Development Financing Act provides that the Authority may issue its revenue bonds pursuant to a plan to provide funds with which to refund or refinance debt, fund improvements to the property, and pay costs associated with the bond issuance.

Approval of a resolution authorizing the Authority to sell revenue bonds in support of this program creates no risk to the City of Glendale or its residents because:

- The City shall not, in any event, be liable for the payment of the principal or interest on the bonds of the Authority;
- Shall not be responsible for the performance by the Authority of any of its obligations with respect to its bonds; nor,
- Shall any agreements or obligations of the Authority constitute an indebtedness of the City of Glendale within the meaning of any constitutional or statutory provision.

Previous Related Council Action

No previous Council action has been taken.

Community Benefit/Public Involvement

Nearly fifteen percent of the employees of Royal Oaks Life Care Community reside in Glendale. The residents of Royal Oaks routinely shop at Arrowhead Towne Center and related locations in the City of Glendale.

Royal Oaks has had valued and successful partnerships with Glendale Community College since 2008 and Northwestern University since 1999; both institutions are located in the City of Glendale. These relationships have provided students at the institutions the opportunity to perform required community service and clinical rotations in the areas of pharmacy and dental. Many students request to complete their final 90-hr preceptorships at Royal Oaks in order to fulfill graduation requirements.

A Public Hearing was conducted by the Glendale Industrial Development Authority on July 13, 2016 as required and the public notice also included the opportunity to submit comments in writing to the legal counsel of the Glendale Industrial Development Authority, no comments were received.

Budget and Financial Impacts

There is no budget or financial impact to the City of Glendale under the provisions of A.R.S. § 35-742, which states that the City of Glendale is not liable or obligated for the payment of bonds or other debt obligations issued by the Authority; and, there is no impact on the City's ability to issue bonds or the City's bond rating.