

Northwest Senior Housing Corp. Project
(Edgemere Facility)
Consent for Bond Issuance

Finance, Audit and Accountability Committee
February 27, 2006

DISCUSSION MATERIALS

SUBJECT

- Issuance of Bonds in an amount not to exceed \$100,000,000 by the Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer") for the benefit of Northwest Senior Housing Corporation (the "Borrower") for its Edgemere facility.
- The Bonds will be issued to (a) finance an expansion to the Borrower's Edgemere continuing care retirement community and (b) refinance approximately \$50,185,000 in aggregate principal amount of North Central Texas Health Facilities Development Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation - Edgemere Project) Series 1999A issued for the purpose of acquiring, constructing and equipping the original facilities at The Edgemere (collectively, the "Project").

BACKGROUND

- Northwest Senior Housing Corporation is a Texas nonprofit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.
- The Borrower owns The Edgemere, a continuing care retirement community located at 8523 Thackery Street, Dallas, Texas 75225. The Edgemere currently has 256 independent living units, 60 assisted living units, 31 memory support units and 72 skilled nursing beds, together with related common and support areas. The Edgemere opened in December 2001.
- The Borrower intends to expand The Edgemere by adding 48 independent living units and related common and support areas.
- The Borrower intends to refinance the \$50,185,000 in outstanding North Central Texas Health Facilities Development Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation - Edgemere Project) Series 1999A, which was issued to acquire, construct and equip the original facilities at The Edgemere. This refinancing is projected to save the Borrower approximately \$200,000 in debt service payments per year, with a projected present value savings of 6.58%.
- The Cultural Education Facilities Finance Corporation

Act, Article 1528m, V.A.T.C.S. (the "Act"), allows borrowers to borrow money through the issuance of bonds. The Act provides that the proceeds of such bonds may be used to finance and refinance the cost of health facilities as described in the Health Facilities Development Act, Chapter 221, Texas Health and Safety Code.

- Cultural Education Facilities Finance Corporations have no taxing power, no police powers, and no powers of eminent domain. They are "conduit" financing agencies that issue bonds that are payable solely from payments made by a borrower pursuant to the terms of a Loan Agreement. The bonds may be secured by other property of the borrower.
- Cultural Education Facilities Finance Corporations may issue debt for facilities outside of their jurisdiction with consent from the governing body of the city where the facilities are located. The City of Dallas does not have a Cultural Education Facilities Finance Corporation. Under the Internal Revenue Code, the Borrower requires consent of the City of Dallas in order for the Bonds to qualify as tax-exempt obligations under the Internal Revenue Code.
- The City of Dallas is not being asked to make a loan, guarantee the credit of the Borrower, or to provide

funds or credit support for the financing in any manner. The Bonds will not be a debt or liability of the City and the City's name will not appear on the Bonds. This request is being made in order to comply with the Internal Revenue Code.

RECOMMENDATION

- Forward the Borrower's request to the City Council, with a recommendation to approve an item on the March 8, 2006 City Council Agenda.