



## Buncombe County Board of Commissioners

### Request for Board Action

Meeting Date: 8/17/2021

#### Public Hearings

Department: Finance

Presenter(s): Don Warn

Contact(s): Don Warn/Michael Frue

**Subject: Public Hearing and Resolution for Retirement Facilities Revenue Bonds to be Issued by the Public Finance Authority for the Benefit of The Givens Estates, Inc. and Givens Highland Farms**

**Brief Summary:** The Public Finance Authority (PFA) is a governmental unit of the State of Wisconsin created for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities nationwide. PFA is sponsored by the National Association of Counties, the National League of Cities, the Wisconsin Counties Association and the League of Wisconsin Municipalities. Any debt issued is not debt of the County or PFA, but rather is payable solely from debt service payments received from the entity involved (in this case, the Borrowers). Approximately 175 North Carolina projects have been financed by PFA.

PFA has been requested to issue the Bonds pursuant to Section 66.0304 of the Wisconsin Statutes, as amended, in the principal amount of up to \$70,000,000. The proceeds of the Bonds will be loaned to the Borrowers to be used to (1) finance (a) routine capital improvements to a continuing care retirement community located at 2360 Sweeten Creek Road Asheville, North Carolina 28803 and known as "Givens Estates" (such improvements, the "Givens Project") and (b) the acquisition, construction and equipping of 66 new apartments, multipurpose facilities (including new dining venues), and other additional capital improvements and renovations to a continuing care retirement community located at 200 Tabernacle Road, Black Mountain, North Carolina 28711 and known as "Highland Farms" (such improvements, the "Highland Project," and together with the Givens Project, the "Projects"), (2) finance interest on the Bonds during the construction of the Projects, and (3) pay certain costs related to the issuance of the Bonds. The Bonds will constitute "qualified 501(c)(3) bonds" within the meaning of Section 145(a) of the Code.

Wisconsin law and Federal tax law requires that tax exempt bonds issued to finance or, in certain circumstances, refinance, facilities owned by nonprofit organizations be approved

by the elected legislative body (or highest elected representative) of the governmental unit that has jurisdiction over the area in which the facility is to be located. Prior to this approval, Internal Revenue Code Section 147(f) requires that a public hearing be held, at which hearing the public is given the opportunity to comment on the Projects. Because the proceeds of the Bonds will be used to refinance and finance the Projects, which are located in the County, the Board is one of the appropriate governing bodies to approve the use of tax-exempt bonds to refinance and finance the Projects for the purposes of Section 147(f) of the Code (otherwise we'd have to have public hearings in both Asheville and Black Mountain).

The Borrowers will promise to repay the principal, premium, if any, and interest on the Bonds. Neither PFA nor the County would have any liability whatsoever for the payment of principal or interest on the Bonds. The Bonds will be special limited obligations of PFA payable solely from the loan repayments to be made by the Borrowers to the PFA. The Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit of the County, but shall be payable solely from the revenues and other funds provided therefor.

The County will have no responsibility whatsoever for the Bonds. The Bonds will not affect the County's debt ratios or legal debt limit. Because no taxes or other revenues of the County will be pledged to pay these Bonds, the staff of the County has made no financial analysis of the Bonds, the Borrower or the Project.

**Recommended Motion & Requested Action:** Hold the Public Hearing and Approve the Resolution as presented.

**County Manager's comments and Recommendation:** Consider as presented.