

AGENDA	Tuesday, March 7, 2017	
Informational City Council Meeting	4 PM	
Sioux Falls City Council	Carnegie Town Hall	
	235 West 10th Street	

1. Call To Order

2. City Council Open Discussion

3. Presentations

A. TEFRA and Conduit Financing Dow Rummel Village by Tom Grimmond, Doug Hajek and Darla Van Rosendale, Dougherty & Company LLC
Presentation: Approximately 10 minutes followed by discussion

4. Executive Session

A. Discussing the qualifications, competence, performance, character or fitness of any public officer or employee or prospective public officer or employee. The term "employee" does not include any independent contractor. (SDCL 1-25-2 (1)).

5. Adjournment

The City Council may include such other business as may come before this body.

Date: 2017-03-07
SIRE Meeting ID: 2543
Meeting Type: Informational Meeting

YouTube:<https://youtu.be/yHQPG1FUywc>
Agenda Item: Not Assigned
Item ID: 82881

The following document(s) are public records obtained from the
City of Sioux Falls.

Sioux Falls City Council

TEFRA and Conduit Financing

Reason for meeting

- Information on a TEFRA Hearing
 - A TEFRA Hearing has been set for March 14th
- Dow Rummel Village's request to the City to issue tax-exempt bonds on its behalf.
- Information about conduit financing

TEFRA Hearing

- “Tax Equity and Fiscal Responsibility Act” of 1982.
 - The Act requires a hearing as a pre-condition for the exclusion from gross income for federal income tax purposes of [interest](#) on qualified private activity bonds (501 (c) 3).
 - The **hearing** gives an opportunity for interested persons to comment on the use of the tax-exempt funds by the requesting entity to finance its capital needs.
- TEFRA requires:
 - The issue must be approved (a “TEFRA approval”) by an elected official or governing body of the applicable governmental entity after a public hearing (a “TEFRA hearing”)
 - The hearing must have had a public notice (a “TEFRA notice”) which was published on February 24th

Conduit Financing

- Dow Rummel Village is a 501 (c) 3 Corporation
 - Dow Rummel is a not-for-profit or non-profit entity
 - A not-for-profit or non profit such as Dow Rummel Village can finance projects with tax-exempt debt; however, it needs a public entity to be the issuing authority for the tax-exempt debt
- Dow Rummel Village is requesting that the City of Sioux Falls be the Issuing Authority for the financing of its new building project
 - The City of Sioux Falls was the issuing authority for Dow Rummel in 2002, 2006 & 2016

New Building Project

- The new building project consist of:
 - Construction of a 30 unit Assisted Living Memory Care building- 13 existing units will move into the “New”
 - Construction of a 30 bed Assisted Living focused on high acuity residents
 - Assumed \$6 million equity contribution.
 - Assumed \$3 million of funds would be raised through a capital campaign.
 - Seven (7) apartments will be flexed as assisted living.
 - Project timeline - new facilities opening in March 2019
 - All-in project costs for the proposed project is approximately \$34.6 million for the 30 year bond.

Conduit Financing

- The City has no liability as the Issuing Authority
 - The bonds are not general obligations, but are special, limited obligations, of the issuer payable solely out of the revenues derived from the Agreement and pledged and assigned for their payment in accordance with the Indenture.
 - Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Conduit Financing

- Bottom line to the City
 - No liability to the City for debt service payments
 - No impact to bonding capacity of the City
 - No impact to the City's debt limit
 - No impact to the City's bond rating