

Memorandum



CITY OF DALLAS

DATE June 1, 2018

Honorable Members of the Government Performance and Financial Management
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Southwest Transplant Alliance-Bond Issuance - TEFRA Approval**

On Monday, June 4, 2018, the Government Performance & Financial Management Committee will receive detailed background information regarding Southwest Transplant Alliance - Bond Issuance TEFRA Approval. Southwest Transplant Alliance plans to build an expanded headquarters facility in Dallas and they are requesting City approval so that their bonds can qualify as tax-exempt. Representatives from the Southwest Transplant Alliance and their bond counsel, Locke Lord LLP, will be present at the Committee to address any questions. I have attached the background and the Agenda Item for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachments

c: Honorable Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

TAX-EXEMPT BONDS TO CONSTRUCT NEW HEADQUARTERS FOR SOUTHWEST TRANSPLANT ALLIANCE, INC. IN NORTH DALLAS

SUBJECT

- Issuance of tax-exempt bonds in an amount not to exceed \$25,000,000 by the Greater Texas Cultural Education Facilities Finance Corporation (the “Issuer”) for Southwest Transplant Alliance, Inc. (the “Borrower”) to build a new headquarters facility in North Dallas.
- The Borrower will move from its current headquarters facility at 5489 Blair Rd., Dallas, TX 75231 less than 1 mile away to a new headquarters facility at 8190 Midtown Blvd., Dallas, TX 75231.

BACKGROUND

- The Borrower is a Texas non-profit corporation that saves lives through organs and tissue donation and, in that work, serves over 280 hospitals in the region. Its staff work in hospitals to guide grieving families through the organ donation process and to provide the clinical services needed to recover, prepare, and transport organs to those awaiting a life-saving transplant.
- The Borrower will use the loan proceeds to build a new, expanded headquarters facility. Non-profits such as the Borrower can qualify for tax-exempt financing through issuers such as the Issuer.
- The Issuer is being created this month by the City of Arlington in accordance with Chapter 337 of the Texas Local Government Code and Chapter 22 of the Texas Business Organizations Code for the purpose of financing education, cultural, public health, medical, and other facilities.
- Under the Internal Revenue Code, the Borrower requests the approval of the City of Dallas, the city in which the new facility will be located, solely for the purpose that its bonds can qualify as tax-exempt.
- The City of Dallas is not being asked to make a loan to the Borrower, to 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 solely to meet the requirements for tax-exempt bonds imposed by the Internal Revenue Code.

AGENDA ITEM # 7

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: June 13, 2018

COUNCIL DISTRICT(S): N/A

DEPARTMENT: City Controller's Office

CMO: Elizabeth Reich, 670-7804

MAPSCO: N/A

SUBJECT

Authorize the issuance of tax-exempt bonds by the Greater Texas Cultural Education Facilities Finance Corporation in an aggregate principal amount not to exceed \$25,000,000 for the benefit of Southwest Transplant Alliance, Inc. to build a new headquarters facility - Financing: No cost consideration to the City

BACKGROUND

Greater Texas Cultural Education Facilities Finance Corporation (the "Issuer") intends to issue tax-exempt bonds (the "Bonds") in an aggregate principal amount not to exceed \$25,000,000 whereby the Issuer would borrow money from bond holders and loan the proceeds to Southwest Transplant Alliance, Inc. (the "Borrower") to build a new headquarters facility in the City of Dallas. The Borrower will move from its current headquarters facility at 5489 Blair Road, Dallas, Texas 75231, less than one mile away, to a new headquarters facility at 8190 Midtown Boulevard, Dallas, Texas 75231. The Borrower is a Texas non-profit corporation that serves over 280 hospitals in the region. Its staff work in hospitals to guide grieving families through the organ donation process and to provide the clinical services needed to recover, prepare, and transport organs to those awaiting a life-saving transplant. As the Project is located within the City of Dallas, Section 147(f) of the Internal Revenue Code of 1986, and the Treasury regulations promulgated thereunder, require that in order for interest paid on the Bonds to be exempt from United States federal income taxation, an "applicable elected representative" of the City of Dallas must approve the issuance of the bonds after a public hearing following reasonable notice.

The City of Dallas is not being asked to make a loan to the Borrower, to 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 solely to meet the requirements for tax-exempt bonds imposed by the Internal Revenue Code.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee will be briefed on June 4, 2018.

FISCAL INFORMATION

No cost consideration to the City.

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WHEREAS, the Greater Texas Cultural Education Facilities Finance Corporation (the "Issuer") was created pursuant to and in accordance with Chapter 337 of the Texas Local Government Code and Chapter 22 of the Texas Business Organizations Code for the purpose of acquiring, constructing, providing, improving, and financing education, cultural, public health, medical, and other facilities; and

WHEREAS, Southwest Transplant Alliance, Inc., a Texas non-profit corporation (the "Borrower"), is undertaking the following project (the "Project"):

(a) the acquisition of approximately 3.265 acres of land located at 8190 Midtown Blvd., Dallas, Texas 75231; and

(b) the construction, acquisition, equipping, and furnishing on the land described in (a) above of a building and other facilities containing approximately 60,000 square feet (but not expected to exceed 80,000 square feet), to be used for medical transplant services and related purposes; and

WHEREAS, the Borrower has requested that the Issuer issue bonds to finance the Project in an aggregate principal amount not to exceed \$25,000,000 (the "Bonds"); and

WHEREAS, pursuant to section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer has caused to be published a notice of public hearing with respect to the issuance of the Bonds for the Project, and held such a hearing after reasonable notice, at 9:30 a.m. on May 29, 2018, at 4381 W. Green Oaks Blvd., Suite 200, Arlington, Texas 76016 (the "TEFRA Hearing"); and

WHEREAS, pursuant to the provisions of section 147(f)(2)(A)(ii) of the Code, the City Council of the City of Dallas, Texas (the "City") after the TEFRA Hearing, following reasonable notice, must approve issuance of the Bonds by the Issuer to enable the Bonds to qualify as tax-exempt obligations under the Code.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. The City Council, solely for the purposes of section 147(f)(2)(A)(ii) of the Code, hereby approves the proposed issuance of the Bonds by the Issuer for the benefit of the Borrower, in an amount not to exceed \$25,000,000.

Section 2. That the foregoing approval is given in accordance with the provisions of section 147(f)(2)(A)(ii) of the Code and for no other purposes and is not to be construed as an undertaking by the City. The Bonds shall not constitute a liability, indebtedness, or an obligation of the City nor shall any of the assets, revenues, or taxing power of the City be pledged to the payment of the Bonds.

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Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City, and it is accordingly so resolved.