



Legislation Text

File #: ORD-0056-2018, Version: 1

TO AMEND THE ECONOMIC DEVELOPMENT REVENUE BONDS, SERIES 2015 (THE COLUMBUS ACADEMY PROJECT) OF THE CITY OF GAHANNA; AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LOAN AGREEMENT AND RELATED INSTRUMENTS; AND TO DECLARE AN EMERGENCY.

WHEREAS, the City of Gahanna, Ohio (the "City"), by virtue of the laws of the State of Ohio, including Article VIII, Section 13 of the Constitution of Ohio and Chapter 165 of the Ohio Revised Code (collectively, the "Act"), issued tax-exempt bonds captioned "\$15,000,000 City of Gahanna, Ohio Economic Development Revenue Bonds, Series 2015 (The Columbus Academy Project)" dated July 13, 2015 (the "Bonds"), which were purchased by PNC Bank, National Association (the "Bondholder"); and

WHEREAS, the proceeds of the Bonds were made available to The Columbus Academy (the "Borrower"), an Ohio nonprofit corporation, for the purpose of financing the acquisition, construction, renovation, installation and equipping of certain capital expenditures of the Borrower, including, but not limited to additions to and renovations of certain buildings of the Borrower, furniture, fixtures and equipment and all necessary appurtenances thereto, located in and on the real property located at 4300 Cherry Bottom Road, Gahanna, Ohio, for use in fulfilling the exempt purposes of the Borrower; and

WHEREAS, the Bonds are not general obligations, debt or bonded indebtedness of the City or the State of Ohio or any political subdivision thereof, and the Bondholder is not given the right, and has no right, to have excises or taxes levied by the City or the State of Ohio or any political subdivision thereof, for the payment of the debt service on such Bonds, and the Bondholder has acknowledged and agreed that the Bonds are the financial responsibility of the Borrower and not the City; and

WHEREAS, as a result of the Tax Cuts and Jobs Act of 2017 and the resulting reduction in the maximum federal corporate tax rate, the Bondholder and Borrower have determined that it is necessary to change the tax-exempt interest rate on the Bonds and to make an extension to the "Initial Bank Holding Period" (as defined in the herein defined Loan Agreement) from July 1, 2022 to July 1, 2025; and

WHEREAS, this Council (the "Issuing Authority") has determined to authorize an amendment to the Bonds to reflect the aforementioned changes and corresponding amendments to the Loan Agreement dated as of July 1, 2015 (the "Loan Agreement") between the City and the Borrower and other documents relating to the Bonds to effect such changes, all at the request of the Borrower and the Bondholder.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GAHANNA, COUNTY

OF FRANKLIN, OHIO:

Section 1. That this Council, as the Issuing Authority, at the request of the Borrower and Bondholder, hereby approves of changes to the Bonds and any necessary, corresponding changes to the Loan Agreement and other documents relating to the Bonds, as follows:

- The "Initial Bank Holding Period" (as defined in the Loan Agreement) shall expire on July 1, 2025 instead of July 1, 2022; and
- Effective July 1, 2018, the tax-exempt interest rate calculation shall be amended to provide that during the Initial Bank Holding Period, such rate shall be (80% * One-Month LIBOR) plus 1.14%.

Section 2. That the Mayor is hereby authorized and directed to execute and deliver on behalf of the City an amended bond form for such purposes, together with a First Amendment to Loan Agreement in substantially the form presented to this Issuing Authority and on file with the Clerk, subject to such changes, insertions and omissions as may be approved by the Mayor as evidenced by the execution of said amended bond form and First Amendment to Loan Agreement as aforesaid.

Section 3. The City, by and through the Mayor shall execute such instruments and documents as may be required, necessary or appropriate to comply with the Internal Revenue Code of 1986, as amended, to cause the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes in connection with such amendments to the Bonds, including but not limited to, a tax certificate related to the amendments to the Bonds, an IRS Form 8038, and such other documents necessary to maintain such exclusion.

Section 4. That the appropriate officers of the City, be and they hereby are authorized to execute and deliver on behalf of the City such other certificates, documents and instruments in connection with the amendment to the Bonds as aforesaid as may be required, necessary or appropriate, subject to such changes, insertions and omissions as may be approved by the appropriate officers of this City, which approval shall be conclusively evidenced by the execution thereof as aforesaid.

Section 5. That it is found and determined that all formal actions of this Issuing Authority concerning and relating to the passage of this Ordinance were taken in an open meeting of this Issuing Authority, and that all deliberations of this Issuing Authority in meetings open to the public, in compliance with the law, including Section 121.22 of the Ohio Revised Code.

Section 6. That all ordinances or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 7. That this ordinance is hereby declared to be an emergency measure necessary for the public peace, health, safety and welfare of the City of Gahanna, Ohio and for the further reason that immediate action is required to enable the Bondholder and the Borrower to undertake the amendments to the Bonds as a result of recent federal tax law changes. This ordinance shall be in full force and effect from and immediately upon its passage and signature approval by the Mayor.