

2. Public hearing to consider a bond issuance for the Colorado Health Facilities Authority regarding the property at 2510 Lake Michigan Drive NW



Item Number: 2

# CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

**DATE:** March 11, 2025

**TO:** Mark Washington, City Manager

**COMMITTEE:** City Commission Meeting  
**LIAISON:** N/A

**FROM:** Sarah Rainero, Economic Development Director  
Economic Development

**SUBJECT:** **Public hearing to consider a bond issuance for the Colorado Health Facilities Authority regarding the property at 2510 Lake Michigan Drive NW**

On March 11, 2025, the City Commission will hold a public hearing to consider a proposal for the Colorado Health Facilities Authority (the "Authority") to issue bonds in one or more series in an aggregate principal amount not to exceed \$180,000,000 (the "Bonds") pursuant to Colorado Revised Statutes, Title 25, Article 25, as amended, and Title 11, Article 57, Part 2, as amended.

The proceeds of the Bonds will be loaned to Covenant Living Communities and Services (f/k/a Covenant Retirement Communities, Inc.), an Illinois not for profit corporation (the "Corporation"), or certain affiliated corporations, including Covenant Living of the Great Lakes, a Michigan nonprofit corporation ("Great Lakes"), to finance, reimburse or refinance projects located in the states of California, Colorado, Florida, Illinois and Michigan. The Bonds will be issued as qualified 501(c)(3) bonds within the meaning of Section 145 of the Internal Revenue Code of 1986, as amended (the "Code").

A portion of the proceeds of the Bonds will be used to finance, reimburse or refinance projects located in the State of Michigan by (i) refunding all or a portion of the outstanding principal amount of the portion of the Colorado Health Facilities Authority Revenue Refunding Bonds, Series 2015A (Covenant Retirement Communities, Inc.) (the "Series 2015A Bonds"), currently outstanding in the principal amount of \$67,010,000, used to refinance a project located in the City, (ii) paying or reimbursing

the Corporation and/or Great Lakes for the costs of acquiring, constructing, renovating, remodeling and equipping certain facilities of the Corporation and/or Great Lakes located in the City as described below, (iii) funding a debt service reserve fund, if deemed necessary or advisable by the Corporation or the Authority, (iv) paying a portion of the interest on the Bonds, if deemed necessary or desirable by the Corporation or the Authority, (v) providing working capital, if deemed necessary or desirable by the Corporation or the Authority, and (iv) paying certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Series 2015A Bonds.

The Bonds will be special, limited obligations of the Authority, payable solely out of funds to be paid by the Corporation pursuant to an agreement to be entered into between the Corporation and the Authority and any other revenues and/or other funds pledged and assigned for the payment of the Bonds. This public hearing does not impose any liability, financial or otherwise, on the City or in any way involve the City in the issuance of the Bonds but is an accommodation by the City to satisfy the requirements of Section 147(f) of the Code for the issuance of the Bonds by the Authority.

The proceeds of the Series 2015A Bonds were used, together with other funds, to (i) refund in advance of maturity the outstanding principal amount of the Colorado Health Facilities Authority Revenue Bonds, Series 2005 (Covenant Retirement Communities, Inc.) (the "Series 2005 Bonds"), (ii) fund a debt service reserve fund for the Series 2015A Bonds and (iii) pay certain costs incurred in connection with the issuance of the Series 2015A Bonds and the refunding of the Series 2005 Bonds.

The current or initial owner or principal user of the facilities to be financed, reimbursed or refinanced with the proceeds of the Bonds in the City is or will be the Corporation and/or Great Lakes, which are or will be located on the campus of Great Lakes at 2510 Lake Michigan Drive, N.W., Grand Rapids, Michigan 49504.

A general functional description of the facility to be financed or reimbursed with the proceeds of the Bonds and the estimated maximum aggregate principal amount of Bonds to be issued with respect to such facility are listed below.

Up to \$38,500,000 of the proceeds of the Bonds will be used to (1) pay or reimburse the Corporation and/or Great Lakes for the costs of constructing, renovating, remodeling and/or equipping certain facilities owned and/or operated by the Corporation and/or Great Lakes, including (i) the construction of 18 duplexes for a total of 36 residential homes on approximately 8.5 acres of land east of the main campus, and (ii) assisted living facility updates, skilled nursing facility updates and physical therapy renovations at

the campus of Great Lakes and (2) pay the allocable portion of expenses incurred in connection with the issuance of the Bonds.

The City of Santa Barbara, California has delivered its public approval regarding the Bonds and the property to be financed or reimbursed in that City after publishing a public notice and conducting a public hearing in the City of Santa Barbara, California. The City of Plantation, Florida has delivered its public approval regarding the Bonds and the property to be financed, reimbursed or refinanced in that City after publishing a public notice and conducting a public hearing in the City of Plantation, Florida. Public approval by the City of Turlock, California will be obtained following public notice and a public hearing in the City of Turlock, California regarding the Bonds and the property to be financed, reimbursed or refinanced in that City. Public approval by the State of Colorado will be obtained following public notice and a public hearing in the State of Colorado regarding the Bonds and the property to be financed, reimbursed or refinanced in that State. Public approval by the State of Illinois will be obtained following public notice and a public hearing in the State of Illinois regarding the Bonds and the property to be financed, reimbursed or refinanced in that State.

  
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The current or initial owner or principal user of the facilities to be financed, reimbursed or refinanced with the proceeds of the Bonds in the City is or will be the Corporation and/or Great Lakes, which are or will be located on the campus of Great Lakes at 2510 Lake Michigan Drive, N.W., Grand Rapids, Michigan 49504.

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