



Legislation Text

File #: Res. 2018-043, **Version:** 1

City Council Meeting Date: April 17, 2018

To: Mayor and City Council

From: Ben Martig, City Administrator
Brenda Angelstad, Finance Director

Consider Resolution calling for a Public Hearing on the Issuance of Conduit Revenue Bonds by the City of Red Wing for a facility in the City of Northfield and authorizing the publication of a notice of the Hearing (Benedictine Living Community of Northfield LLC Project)

Action Requested:

The City Council considers approving the attached resolution calling for a Public Hearing on this project for May 15, 2018.

Summary Report:

Benedictine Health Systems has requested the issuance of approximately \$25 million in Conduit Revenue Bonds to finance the acquisition and construction of an independent living, assisted living and memory care facility to be located adjacent to the Northfield Hospital and Clinics.

According to Minnesota State Statute 469.152 - 469.1651 Ch 462C, Conduit Bonds are initiated and issued for the benefit of private entities by a City or statutory authority. The proceeds are directed to the private entity, and the private entity repays the principal and interest payments on the Bonds. The City does not pay any debt service or any costs related to the transaction.

Northfield plans to issue tax-exempt bonds for its own purposes in 2018. Issuing the Conduit Bonds on behalf of the Benedictine Living Community would cause Northfield to exceed a \$10 million "bank-qualified" threshold that would result in a higher interest cost on Northfield's bonds. In order to remain under the \$10 million limit, Northfield requests that the City of Red Wing issue the Conduit Bonds.

See Kennedy Graven letter attached for further details. The resolution establishes the time and date of the public hearing as May 15, 2018 at 6:00 pm.

Alternative Options:

Do not call for a public hearing.

Financial Impacts:

No impact to the City of Northfield.

Tentative Timelines:

The City needs to provide "host approval" before Red Wing can issue the bonds. Red Wing called for

their Public Hearing on April 9, 2018 to be held on May 14, 2018.