



Legislation Text

File #: 18-271, **Version:** 1

City Council Meeting Date: May 15, 2018

To: Mayor and City Council
City Administrator

From: Brenda Angelstad, Finance Director

Public Hearing for the City of Northfield to give host approval to the issuance of Senior Housing Facility Revenue Bonds (Benedictine Living Community of Northfield LLC Project) by the City of Red Wing, Minnesota

Action Requested:

The Northfield City Council holds a public hearing related to giving host approval to the issuance of Senior Housing Facility Revenue Bonds (Benedictine Living Community of Northfield LLC Project) by the City of Red Wing, Minnesota. This is the first of two items related to this project. Following the public hearing, Council will be asked to consider approval of a resolution.

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.

The original agreements related to the development contemplated Yanik to be the owner and developer with provisions that would allow for the transition of ownership in the future. Benedictine has since decided to pursue this option to become owner and operator. Yanik would remain the developer of the project.

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.

The Public Hearing notice was published in the Northfield News on April 25, 2018.

See Kennedy Graven letter attached for further details on the project. Also attached for reference are the Housing Program and Cooperative Agreement, both referenced in the Resolution. In addition, Kevin Rymanoski, CFO Benedictine Health System and Craig Theis, Senior Vice President, Dougherty & Company,

LLC will be attendance to answer further questions.

Alternative Options:

N/A

Financial Impacts:

No impact to the City of Northfield.

Tentative Timelines:

The City needs to provide “host approval” before the City of Red Wing can issue the bonds. The City of Red Wing Public Hearing is scheduled for May 14, 2018.