

*City Council Memorandum*

To: Mayor Fasbender & City Councilmembers
From: Dan Wietecha, City Administrator
Date: October 2, 2023
Item: Consent to Duluth EDA Financing Benedictine Health System Projects

Council Action Requested:

Hold public hearing and approve Resolution Consenting to the Issuance of Health Care Facilities Revenue Bonds by the Duluth Economic Development Authority to Finance Projects in the City.

Background Information:

Regina Senior Living, an affiliate of Benedictine Health System operates a senior care facility (Benedictine Living Community—Regina) in Hastings, is planning some improvements at the facility. The proposal is to have the improvements at the Hasting facility, along with improvements at two other Benedictine affiliate locations (in Winona and New Brighton) be financed via the issuance of bonds by the Duluth Economic Development Authority. We are requesting the consent of the City (as the host of the project location) to the issuance of bonds by the DEDA to finance the improvements in Hastings. Under the tax rules, a public hearing is also required; therefore, we are asking that the City approve a resolution calling for a public hearing, publish notice of the public hearing, hold the public hearing; and following the public hearing, approve by resolution the issuance of the bonds by DEDA to finance the improvements in Hastings. If the City incurs any costs or expenses with respect to the above, those costs are paid by Benedictine.

Financial Impact:

The borrower will pay the City's cost incurred in conjunction with the bond issuance. Consenting to the issuance has no effect on the City's bond rating or capacity to issue bonds.

Committee Discussion:

Not applicable

Attachment:

Resolution Consenting to the Issuance of Health Care Facilities Revenue Bonds by the Duluth Economic Development Authority to Finance Projects in the City

RESOLUTION NO. ____

CITY OF HASTINGS, MINNESOTA

RESOLUTION CONSENTING TO THE ISSUANCE OF HEALTH CARE FACILITIES REVENUE BONDS BY THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO FINANCE A PROJECT IN THE CITY

BE IT RESOLVED by the City Council of the City of Hastings, Minnesota, as follows:

Section 1. Definitions. The capitalized terms used in this resolution have the meanings assigned below:

Bonds: means DEDA's Health Care Facilities Revenue Bonds, Series 2023, proposed to be issued in a maximum principal amount of not to exceed \$16,000,000, approximately \$3,600,000 of which will be used to finance the Project.

Authorized Officers: means the Mayor and Administrator of the City.

Bond Counsel to DEDA: means Fryberger, Buchanan, Smith & Frederick, P.A.

Benedictine: means Benedictine Health System d/b/a Benedictine, the sole member of the Owner/Operator.

City: means the City of Hastings, Minnesota.

City Council: means the governing body of the City.

DEDA: means the Duluth Economic Development Authority, St. Louis County, Minnesota.

Host Municipalities: means the Cities of Hastings, New Brighton and Winona.

Master Indenture: the Master Trust Indenture dated July 1, 2021 among the Obligated Group Agent, the Obligated Group and the Master Trustee, as supplemented and amended from time to time.

Master Trustee: U.S. Bank Trust Company, National Association, as master trustee under the Master Indenture.

Obligated Group: a group of 17 affiliates comprised of Benedictine Care Centers, Benedictine Health Center, Benedictine Living Communities, Inc., Benedictine Living Community Owatonna, Benedictine Living Community of Wahpeton, Benedictine Living Community of Wahpeton, LLC, Bridges Care Center, City of Lakes Care Center, Ellendale Evergreen Place, Inc., Madonna Meadows of Rochester, Madonna Summit of Byron, LLC, Madonna Towers of Rochester, Inc., Regina Senior Living, Saint Anne of Winona, St. Gertrude's Health Center, Steeple Pointe Senior Living Community, and Villa St. Vincent and their successors and assigns.

Obligated Group Agent: Benedictine, as obligated group agent under the Master Indenture acting on behalf of the Obligated Group.

Owner/Operator: means Regina Senior Living, a Minnesota nonprofit corporation and 501(c)(3) organization, a member of the Obligated Group.

Project: means the constructing, improving, renovating, furnishing and equipping health care facilities located at 1175 Nininger Road in the City.

Section 2. General Recitals.

A. We have been informed by the Owner/Operator that it owns and operates the Project as a senior living facility, providing health care and senior housing services available to residents within the jurisdiction of the City and in the surrounding area.

B. We have been informed by Bond Counsel to DEDA that the Obligated Group Agent has requested that DEDA issue the Bonds to finance the Project.

C. Bond Counsel to DEDA has informed the City that since the Project is located within its jurisdiction, Minnesota Statutes, Section 471.656, subdivision 2(2) requires the City Council to consent by resolution to the issuance by DEDA of any portion of bonds financing the Project.

Section 3. Public Hearing.

A. A Notice of Public Hearing was published in the *Hastings Journal*, the City's official newspaper, and a newspaper of general circulation, calling a public hearing on the proposed issuance of the Bonds by DEDA and the proposal to undertake and finance the Project.

B. The City has, on October 2, 2023, held a public hearing on the issuance of the Bonds by DEDA and the proposal to undertake and finance the Project, at which all those appearing who desired to speak were heard and written comments, if any, were accepted.

Section 4. Consent. The City consents to the issuance by DEDA of the Bonds to finance the Project.

Section 5. Authorization to Staff. The Authorized Officers and other officers of the City (individually or with one or more other officers of the City or their designees) are authorized and directed to (a) provide a certified copy of this resolution to DEDA or its representatives, along with all proceedings and records of the City relating to the subject matter of this resolution, and any other affidavits and certificates required by DEDA to show the facts relating to the City respecting the subject matter of this resolution, as the facts appear from the books and records in the City's custody and control or as otherwise known to them; and (b) take any other action required or deemed appropriate on the request of DEDA or its agents for the performance of the City's duties necessary to carry out the subject matter of this resolution.

Adopted October 2, 2023.

Mayor

ATTEST:

City Administrator

**EXTRACT OF MINUTES OF A REGULAR MEETING OF THE
CITY OF HASTINGS, MINNESOTA**

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Hastings, Minnesota, was held at City Hall located in Hastings, Minnesota, on October 2, 2023, at 7:00 p.m.

The following members were present: _____

and the following members were absent: _____

Councilor _____ introduced the following resolution and moved its adoption, the reading of which was dispensed with by unanimous consent:

“Resolution Consenting to the Issuance of Health Care Facilities Revenue Bonds by the Duluth Economic Development Authority to Finance a Project in the City”

The motion was duly seconded by Councilor _____.

RESULT: On a roll call vote the motion was carried.

Ayes
Nays:
Not Voting:
Absent: Councilor

Whereupon the resolution was declared duly passed and adopted.