



Board of County Commissioners Agenda Request

3A

Agenda Item #

Requested Meeting Date: December 22, 2015

Title of Item: Set Public Hearing Date - Riverwood Healthcare

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <small>*provide copy of hearing notice that was published</small>
Submitted by: Nathan Burkett		Department: Administration
Presenter (Name and Title): Nathan Burkett, County Administrator		Estimated Time Needed:
Summary of Issue: Nathan, Attached is a resolution calling for a public hearing on refinancing a project by Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center. Please have the County Board consider the resolution at its meeting on December 22, and provide me with a signed copy of the resolution and completed extract of minutes after it has been adopted. I can arrange for the publication of the notice of public hearing. I will touch base with you after the resolution has been adopted to work out the details. Carol M. Walczak Paralegal Fryberger, Buchanan, Smith & Frederick, P.A. 302 West Superior Street, Suite 700 Duluth, MN 55802		
Alternatives, Options, Effects on Others/Comments:		
Recommended Action/Motion: Set Public Hearing Date		
Financial Impact: Is there a cost associated with this request? <input type="checkbox"/> Yes <input type="checkbox"/> No What is the total cost, with tax and shipping? \$ Is this budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No Please Explain:		

RESOLUTION NO. ____

**RESOLUTION CALLING FOR A PUBLIC HEARING ON
REFINANCING A PROJECT BY AITKIN COMMUNITY HOSPITAL,
INC., D/B/A RIVERWOOD HEALTHCARE CENTER UNDER
MINNESOTA STATUTES, CHAPTER 469**

BE IT RESOLVED, by the governing body (the "Board") of Aitkin County, Minnesota (the "Issuer"), as follows:

1. Authority. Fryberger, Buchanan, Smith & Frederick, P.A. ("Bond Counsel") has informed the Board that Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act") authorizes the Issuer to issue revenue obligations to finance a project consisting of any properties, real or personal, used or useful in connection with a revenue producing enterprise engaged in providing health care services, including hospitals, nursing homes, and related medical facilities and pay, purchase or discharge all or any part of the outstanding indebtedness of an organization that is primarily engaged in health care related activities previously incurred in the acquisition or betterment of its existing facilities.
2. The Project.
 - a. Representatives of Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"), have advised the Issuer that the Borrower desires to refinance the following obligations:
 - i. City of Aitkin, Minnesota \$24,265,000 Health Care Facilities Refunding Revenue Bonds (Riverwood Healthcare Center Project), Series 2006 (the "2006 Bonds"), dated August 1, 2006, the payment of which the Borrower is obligated pursuant to a Loan Agreement dated August 1, 2006, between the City of Aitkin, Minnesota ("Aitkin") and the Borrower; and
 - ii. the Borrower's \$4,000,000 Senior Secured Rural America Bonds, Series 2011A and Series 2011B (the "2011 Bonds"), payment of which is a direct obligation of the Borrower.
 - b. The 2006 Bonds were issued to refinance debt, the proceeds of which were used to (a) construct and equip Borrower's new 24 bed hospital and 30 exam room clinic, with all necessary diagnostic, treatment, ancillary service and support service facilities and refinance debt incurred to acquire land, all located at 200 Bunker Hill Drive in Aitkin; (b) refinance revenue bond debt incurred to improve Borrower's former 36 bed hospital and 48 bed long term care facilities and debt incurred to acquire a CT scanner, all located at 301 Minnesota Avenue South in Aitkin; (c) refinance debt incurred to acquire Borrower's existing clinic building located at 25 Fourth Street Southwest in Aitkin (the "2001 Project").

- c. The debt represented by the 2011 Bonds was incurred by the Borrower to construct and equip additional space and remodel and equip existing space of a multi-specialty medical clinic and hospital facility, located at 200 Bunker Hill Drive in Aitkin (the “2011 Project,” and together with the 2001 Project, the “Project”).
- d. The Project is located within the jurisdiction of the Issuer.
- e. Bond Counsel has advised the Issuer that the proposed Project qualifies for refinancing under the Act.

3. The Obligations.

- a. The Borrower’s representatives have represented that the economic feasibility of the Project will be greatly enhanced through the issuance of revenue obligations by the Issuer and therefore requests that the Issuer declare its present intent to issue its revenue obligations in an amount not to exceed \$_____ to provide funds to refinance a portion of the Project. Approximately \$22,350,000 is required to refinance the Project.
- b. The Borrower and its representatives have expressed their desire that all the Obligations issued to refinance the Project be qualified by the respective issuers thereof under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). It is anticipated that two or more of the Cities of Aitkin, McGregor and Garrison, all in Minnesota, participate by the issuance of obligations to refinance the Project.

4. Issuance of Obligations.

- b. The Obligations, when, as and if issued, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, and the Obligations, when, as and if issued, shall recite in substance that the Obligations, including interest thereon, are payable solely from the revenues received from the Borrower and the property pledged to the payment thereof and shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation.
- c. All details of and conditions precedent to the issuance of the Obligations and the provisions for payment thereof shall be subject to final approval of the Issuer.

5. Public Hearing. The Issuer will conduct a public hearing on the issuance of the Obligations and the proposal to undertake and finance the Project.

6. DEED Application. Bond Counsel is authorized and directed to prepare the State of Minnesota Department of Employment and Economic Development Application for Approval of Industrial Development/Revenue Bond Project Pursuant to Minn. Stat. 469.152 – 469.165 with respect to the Project.

7. Authorization to Staff.

- a. The Bond Counsel, at the direction of the County Auditor is authorized and directed to cause the notice substantially in the form attached hereto as Exhibit A to be published in the official newspaper of the Issuer and a newspaper of general circulation in the jurisdiction of the Issuer not less than 14 days nor more than 30 days prior to the date set for the public hearing; provided that if the official newspaper of the Issuer is a newspaper of general circulation in the jurisdiction of the Issuer, the notice may be published only once.
- b. The administrative staff of the Issuer and their agents are hereby authorized to take such further action necessary to carry out the intent and purpose of this resolution and the requirements of the Act.

8. Issuer Costs. Delivery of the Obligations to the purchaser thereof is subject to the agreement by the Borrower that it will pay the administrative fees of the Issuer and pay, or, upon demand, reimburse the Issuer for payment of, any and all costs incurred by the Issuer in connection with the Project and the issuance of the Obligations, whether or not the Project is carried to completion, or the Obligations are issued.

9. Rights Reserved. Nothing in this resolution shall be construed as an indication of an intent to approve this Project and issue the proposed Obligations. The Board specifically reserves the right to approve or disapprove the request after said public hearing.

Adopted: December 22, 2015

Chair

Attest:

County Auditor

EXHIBIT A
NOTICE OF PUBLIC HEARING
ON PROPOSED PROJECT
AND THE ISSUANCE OF PRIVATE ACTIVITY BONDS
TO FINANCE HEALTH CARE FACILITIES

AITKIN COUNTY, MINNESOTA

NOTICE IS HEREBY GIVEN that the Board of Aitkin County, Minnesota (the "Issuer") will meet on _____, 2016, at 9:00 a.m., or as soon thereafter as reasonably possible in the Commissioners Boardroom in the West Annex of the Aitkin County Courthouse located at 217 Second Street NW, Aitkin Minnesota, for the purpose of conducting a public hearing on the proposal that the Issuer issue its health care facilities refunding revenue obligations, in one or more series, under Minnesota Statutes, Sections 469.152 through 469.165, in order to refinance a portion of the cost of a project owned by Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"). The obligations to be refinanced consist of (i) the City of Aitkin, Minnesota \$24,265,000 Health Care Facilities Refunding Revenue Bonds (Riverwood Healthcare Center Project), Series 2006 (the "2006 Bonds"), dated August 1, 2006, the payment of which the Borrower is obligated pursuant to a Loan Agreement dated August 1, 2006, between the City of Aitkin, Minnesota ("Aitkin") and the Borrower; and (ii) the Borrower's \$4,000,000 Senior Secured Rural America Bonds, Series 2011A and Series 2011B (the "2011 Bonds"), payment of which is a direct obligation of the Borrower.

The 2006 Bonds were issued to refinance debt, the proceeds of which were used to (a) construct and equip Borrower's new 24 bed hospital and 30 exam room clinic, with all necessary diagnostic, treatment, ancillary service and support service facilities and refinance debt incurred to acquire land, all located or to be located at 200 Bunker Hill Drive in Aitkin; (b) refinance revenue bond debt incurred to improve Borrower's former 36 bed hospital and 48 bed long term care facilities and debt incurred to acquire a CT scanner, all located at 301 Minnesota Avenue South in Aitkin; (c) refinance debt incurred to acquire Borrower's existing clinic building located at 25 Fourth Street Southwest in Aitkin (the "2001 Project").

The debt represented by the 2011 Bonds was incurred by the Borrower to construct and equip additional space and remodel and equip existing space of a multi-specialty medical clinic and hospital facility, located at 200 Bunker Hill Drive in Aitkin (the "2011 Project," and together with the 2001 Project, the "Project").

The estimated total amount of the proposed revenue obligations is not expected to exceed \$23,000,000.

The obligations and the interest thereon shall be limited obligations of the Issuer and shall not be payable from nor charged upon any funds other than the revenue pledged to their payment, nor shall the Issuer be subject to any liability on them. No holder of the obligations shall ever have the right to compel any exercise of the taxing power of the Issuer to pay the obligations or the

interest thereon, nor to enforce payment of them against any property of the Issuer except those projects, or portions thereof, mortgaged or otherwise encumbered.

A draft copy of the proposed Application to the Minnesota Department of Employment and Economic Development for approval of the project, together with all attachments and exhibits thereto, is available for public inspection at the office of the County Auditor at 209 Second Street NW, Aitkin, Minnesota 56431, between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except legal holidays.

All persons interested may appear and be heard at the time and place set forth above or may submit written comments to the County Auditor in advance of the hearing.

EXTRACT OF MINUTES OF A REGULAR MEETING OF THE
BOARD OF COMMISSIONERS OF AITKIN COUNTY, MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the Board of Aitkin County, Minnesota, was duly called and held in the Commissioners Boardroom in the West Annex of the Aitkin County Courthouse located at 217 Second Street NW, Aitkin, Minnesota, on Tuesday, December 22, 2015, at 9:00 a.m.

The following Commissioners were present: _____

and the following Commissioners were absent: _____

MOTION: Commissioner _____ moved to adopt Resolution No. _____, entitled "Resolution Calling for a Public Hearing on Refinancing a Project by Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center under Minnesota Statutes, Chapter 469."

SECOND: Commissioner _____

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

Ayes:
Nays:
Not Voting:
Absent: