



Board of County Commissioners Agenda Request

5D

Agenda Item #

Requested Meeting Date: February 9, 2016

Title of Item: Public Hearing - Riverwood Healthcare Center Project

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input checked="" type="checkbox"/> Adopt Resolution (attach draft) <div style="text-align: right; font-size: small;"><i>*provide copy of hearing notice that was published</i></div> <input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input checked="" type="checkbox"/> Hold Public Hearing*
Submitted by: Nathan Burkett	Department: Administration
Presenter (Name and Title): Richard (Tucker) Plumstead, National Healthcare Capital, and Nathan Burkett	Estimated Time Needed: 20 minutes
Summary of Issue: The focus will be on (1) Nate giving the Board his take on some of the research he did after the December discussion; (2) an explanation of the initial resolution and (3) an update on the progress of the broader plan of finance. Tom Mayfield National Healthcare Capital 612.317.4725 Please have the County Board consider the resolution after the public hearing on February 9, and provide me with a signed copy of the resolution and completed extract of minutes after it has been adopted. Carol M. Walczak Paralegal Fryberger, Buchanan, Smith & Frederick, P.A. 302 West Superior Street, Suite 700 Duluth, MN 55802 phone: 218-725-6814 fax: 218-625-9214 cwalczak@fryberger.com www.fryberger.com	
Alternatives, Options, Effects on Others/Comments: 	
Recommended Action/Motion: Adopt or deny the attached resolution.	
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 <i>Please Explain:</i>	

AITKIN COUNTY ADMINISTRATION

Aitkin County Courthouse
Nathan Burkett, Administrator
217 Second Street N.W. Room 130
Aitkin, MN 56431
218-927-7276
Fax: 218-927-7374

TO: County Board
FROM: Nathan Burkett
CC:
DATE: 2/4/2016
RE: Conduit Financing Request



I was asked by the County Board to research the conduit financing request of Riverwood Health.

The two primary questions I was asked to research were (1) what has been the experience of other counties in issuing conduit financing and (2) what are the potential risks to Aitkin County by serving in this capacity?

In response to the question about other Counties' experience; the consensus is that the effort of the county is very minimal. The bond issuance is a note in the financial statements in the year that they are issued, but there is no effort to issue the bonds, and no effort to maintain the bonds either.

As an aside, many cities will "shop" their bonding authority in years they are not going to use it, and will charge a fee to serve as a conduit.

In response to the risks to Aitkin County, I spoke at length with Paul Steinman, Vice President of Springsted, Inc., who has worked with Aitkin County as financial advisor in the past. The following is a summary of my findings:

- Aitkin County has the authority to issue up to \$10 million per year in tax exempt, bank qualified bonds, this authority may be used on behalf of non-profit organizations such as Riverwood
- In the event Aitkin County needs to issue more than \$10 million in bonds for any given purpose(s) there are methods to do so
- Bonds issued in this manner, by Riverwood, using Aitkin County's tax exempt bonding authority do not result in the reporting of a liability, do not appear on Aitkin County's tax statements, and are not considered by a bond rating agency as debt of Aitkin County
- Bonds issued in this manner cannot become the legal, financial responsibility of Aitkin County

Additionally, I discussed the process for issuing bonds by Aitkin County for our own public purpose. In the event Aitkin County chooses to pursue a project to be funded by bond financing, the ideal time frame to do so is promptly after the bid opening. This timing allows for assurances to bond bidders that we are not seeking financing greater than our actual need for the actual purpose.

Application for Approval of Industrial Development/Revenue Bond Project

Pursuant to Minn. Stat. 469.152 – 469.165

Page 1 of 3

Please submit two copies of this form but only one copy of supporting documents requested on page 2.

Name of Issuer (Municipality or Redevelopment agency): Aitkin County, Minnesota

Contracting Party Business Name: Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center

Business Industry and/or Products: hospital and health care services

Description of Project Financed by Bond Proceeds:

See Attachment A.

Location (address and city) of Project: 200 Bunker Hill Drive, 301 Minnesota Avenue South and 25 Fourth Street Southwest, all in Aitkin, Minnesota

Dates of Construction (if applicable): N/A

Date Project Funded by Bonds Expected to be Operational: N/A

New (not currently in Minnesota) Permanent Full-Time Jobs Created by Project: N/A

Expected Annual Wages of New Full-Time Jobs: N/A

Current Jobs at Location: _____

Amount of Issuance Authority Expected to be Requested from MMB: 0

Maturity Schedule and Interest Rates: _____

Bond Counsel: Mary Frances Skala of Fryberger, Buchanan, Smith & Frederick, P.A. Phone: (218) 725-6807

Application for Approval of Industrial Development/Revenue Bond Project
Pursuant to Minn. Stat. 469.152 – 469.165

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The following exhibits are furnished with this application and are incorporated herein by reference:

1. An opinion of bond counsel that the proposal constitutes a project under Minn. Stat. 469.153, Subd. 2.
2. A copy of the resolution by the governing body of the Issuer giving preliminary approval for the issuance of its revenue bonds and stating that the project, except for a project under Minn. Stat. 469.153, Subd. 2(g) or (j), furthers the purposes of Minn. Stat. 469.152 – 469.165.
3. A letter of intent to purchase the bond issue or a letter confirming the feasibility of the project from a financial standpoint.
4. A comprehensive statement by the municipality indicating how the project satisfies the purposes of Minn. Stat. 469.152 - 469.165.
5. A statement signed by a representative of the Issuer that the project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.
6. A statement signed by a representative of the Issuer that a public hearing was conducted pursuant to Minn. Stat. 469.154, Subd. 4. The statement shall include the date, time and place of the meeting and certify that a draft copy of this application with all attachments was available for public inspection and that all interested parties were afforded an opportunity to express their views.
7. A statement signed by the principal representative of the issuing authority to the effect that upon entering into the revenue agreement, the information required by Minn. Stat. 469.154, Subd. 5 will be submitted to the Department (not applicable to projects under Minn. Stat. 469.153, Subd. 2(g) or (j)).
8. The plan for encouraging the targeting of employment opportunities to economically disadvantaged or unemployed individuals. (See Minn. Stat. 469.154, Subd. 7.)
9. Affidavit(s) of publication or copies of notice(s) as published which indicate the date(s) of publication and the newspaper(s) in which the notice(s) were published.

Application for Approval of Industrial Development/Revenue Bond Project
Pursuant to Minn. Stat. 469.152 – 469.165

Page 3 of 3

We, the undersigned, are principal officer(s) or representative(s) of the Issuer
 and solicit DEED's approval of this project.

 Signature

 217 Second Street NW, Room 134

 Street Address

 mark.wedel@co.aitkin.mn.us

 E-Mail

 J. Mark Wedel, Chair
 Print Name and Title

 Aitkin, MN 56431

 City, State and Zip

 February 9, 2016

 Date

 Signature

 209 Second Street NW, Room 202

 Street Address

 kpeysar@co.aitkin.mn.us

 E-Mail

 Kirk Peysar, County Auditor
 Print Name and Title

 Aitkin, MN 56431

 City, State and Zip

 February 9, 2016

 Date

DEED Approval

 Authorized Signature

 Approval Date
*(Approval shall not be deemed to be an approval on the feasibility of the project or the terms
 of the revenue agreement to be executed or the bonds to be issued thereof.)*

Send two copies of form and one copy of supporting documents noted on page 2 to:

 Minnesota Department of Employment and Economic Development
 Bob Isaacson, Director, JOBZ & Business Finance
 1st National Bank Building
 332 Minnesota Street, Suite E200
 St. Paul, Minnesota 55101

 Phone: 651-259-7458
 E-mail: Bob.Isaacson@state.mn.us
 Fax: 651-296-5287

ATTACHMENT A

The project consists of refinancing 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; and (c) refinance debt incurred to acquire Borrower's existing clinic building located at 25 Fourth Street Southwest in Aitkin.

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 following series of obligations will be issued by other issuers to accomplish a bank-qualified refinancing:

[list other Notes]



**FRYBERGER,
BUCHANAN,
SMITH
&
FREDERICK, P.A.**
www.fryberger.com

302 W SUPERIOR STREET, SUITE 700
DULUTH, MINNESOTA 55802

PHONE (218) 722-0861
FAX (218) 725-6800

_____, 2016

Commissioner
Minnesota Department of Employment and
Economic Development
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

RE: Aitkin County, Minnesota
Health Care Facilities Refunding Revenue Note, Series 2016 (Riverwood Healthcare
Center Project)

We have reviewed a resolution adopted by the governing body of Aitkin County, Minnesota (the "Issuer"), on February 9, 2016, entitled "Resolution Giving Preliminary Approval to a Project Under Minnesota Statutes, Sections 469.152 through 469.165 and Referring the Proposal to the Minnesota Department of Employment and Economic Development for Approval" (the "Resolution"), relating to a proposal that the Issuer issue its revenue bonds or revenue note under Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"), to refinance a project (the "Project") on behalf of Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center, a Minnesota nonprofit corporation (the "Borrower").

On the basis of our review of the Resolution and preliminary discussions with representatives of the Borrower as to the nature of the Project and the proposed financing thereof, it is presently our opinion that the Project constitutes a "project" within the meaning of Section 469.153, Subd. 2 of the Act, and that the Issuer is authorized, assuming further proceedings are taken in accordance with the provisions of the Act and any other applicable law, to issue its revenue note as proposed by the Resolution.

It is further our opinion, based on such review and preliminary discussions, that the revenue bonds or revenue note to be issued by the Issuer would constitute "qualified 501(c)(3) bonds" pursuant to Section 145 of the Internal Revenue Code of 1986, as amended (the "Code"), which are not subject to the volume cap imposed by Section 146 of the Code. Therefore, an allocation will not be required under Minnesota Statutes, Chapter 474A.

Respectfully submitted,

M:\DOCS\09128\000007\OPN.1453932.DOCX

By Commissioner: xx

20160209-0xx

RESOLUTION GIVING PRELIMINARY APPROVAL TO A PROJECT UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.165 AND REFERRING THE PROPOSAL TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT FOR APPROVAL

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

Section 1. General Recitals.

- a. Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel ("Bond Counsel") has advised the Issuer that the purpose of Minnesota Statutes, Sections 469.152 through 469.165 as amended, relating to municipal industrial development (the "Act"), as found and determined by the legislature, is to promote the welfare of the State of Minnesota (the "State") by the active promotion, attraction, encouragement and development of economically sound industry and commerce through governmental action to prevent, so far as possible, the emergence of blighted and marginal lands and areas of chronic unemployment.
- b. Factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land uses which will provide access to employment opportunities for such population.

Section 2. Description of the Project.

- a. Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center (the "Borrower") located at 200 Bunker Hill Drive, Aitkin, Minnesota 56431, a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") has proposed issuance of revenue obligations, in one or more series, in an amount not to exceed \$10,000,000 (the "Note") to:
 - i. refinance a portion of 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. refinance a portion of 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; and
 - iii. finance a portion of the cost of issuing the Note.
- b. The 2006 Bonds were issued to refinance debt, the proceeds of which were used to (i) 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; (ii) 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; and (iii) refinance debt incurred to acquire Borrower's existing clinic building located at 25 Fourth Street Southwest in Aitkin (the "2006 Project").

- c. The 2011 Bonds were issued to finance the cost 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 2006 Project, the "Project").
- d. The Project is located in the City of Aitkin, Minnesota and is owned and operated by the Borrower. The Issuer is within the service area of the Project.

Section 3. Recital of Representations Made by the Borrower.

- a. The Issuer has been advised by representatives of the Borrower that: (i) conventional financing to refinance the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced; (ii) on the basis of information submitted to the Borrower and their discussions with representatives of area financial institutions and potential buyers of tax-exempt bonds, the Note could be issued and sold upon favorable rates and terms to refinance a portion of the Project; and (iii) the refinancing of Project would not be undertaken but for the availability of financing under the Act.
- b. The Borrower has agreed to pay any and all costs incurred by the Issuer in connection with the issuance of the Note, whether or not such issuance is carried to completion.
- c. The Borrower represented to the Issuer that no public official of the Issuer has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.
- d. The Borrower anticipates that two or more of the following municipalities will also issue tax-exempt obligations for the purpose of refinancing the Project in its entirety: the City of Aitkin, Minnesota, the City of McGregor, Minnesota and the City of Garrison, Minnesota.

Section 4. Public Hearing.

- a. A Notice of Public Hearing was published in the Issuer's official newspaper, which is a newspaper of general circulation, calling a public hearing on the proposed issuance of the Note and the proposal to refinance, in part, the Project.
- b. The Issuer has, on February 9, 2016, held a public hearing on the issuance of the Note and the proposal to refinance, in part, the Project, at which all those appearing who desired to speak were heard and written comments were accepted.

Section 5. Findings. It is hereby found, determined and declared as follows:

- a. The welfare of the State and the Issuer requires the provision of necessary health care facilities so that adequate health care services are available to residents of the State and the Issuer at reasonable cost.
- b. The Issuer desires to facilitate the selective development of the community and help to provide the range of services and employment opportunities required by its residents

and the residents of the area. The Project will assist the Issuer in achieving those objectives; and enhance the image and reputation of the community.

- c. On the basis of information made available to this Board of Commissioners by the Borrower it appears, and this Board of Commissioners hereby finds, that: (1) the Project constitutes properties, real and personal, used or useful in connection with a revenue producing enterprise; (2) the Project would not be undertaken but for the availability of financing under the Act and the willingness of the Issuer to furnish such financing; and (3) the effect of the Project, if undertaken, will be to: (i) encourage the development of economically sound industry and commerce, (ii) help prevent chronic unemployment, (iii) provide the range of service and employment opportunities required by the residents of the area, (iv) help prevent the movement of talented and educated persons out of the State and to areas within the State where their services may not be as effectively used, and (v) provide adequate health care services to residents of the Issuer at a reasonable cost.

Section 6. Approval.

- a. The Issuer approves the Project and the issuance of the Note on a preliminary basis.
- b. The Chair or the County Administrator (the "Authorized Officers"), or their designee, are authorized and directed to work with Bond Counsel to facilitate submission of the proposal for refinancing the Project to the Department of Employment and Economic Development of the State ("DEED") requesting approval, and other officers, employees and agents of the Issuer are hereby authorized to provide DEED with such information as it may require.

Section 7. Limited Obligation. The Note, when and if issued, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer. (There will, however, be a charge, lien or encumbrance on the Project, which is not an asset of the Issuer.) The Note, when and if issued, shall recite in substance that the Note and the interest thereon, are payable solely from revenues received from the Project and property pledged for payment thereof and shall not constitute a debt of the Issuer.

Section 8. Ratification. The actions of the County Administrator taken with respect to causing the Notice of Public Hearing, 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 Issuer not less than 14 days prior to the hearing are ratified and confirmed in all respects.

Commissioner xx moved the adoption of the resolution and it was declared adopted upon the following vote

FIVE MEMBERS PRESENT

All Members Voting Yes

STATE OF MINNESOTA}
COUNTY OF AITKIN}

I, Nathan Burkett, County Administrator, Aitkin County, Minnesota do hereby certify that I have compared the foregoing with the original resolution filed in the Administration Office of Aitkin County in Aitkin, Minnesota as stated in the minutes of the proceedings of said Board on the 9th day of February 2016, and that the same is a true and correct copy of the whole thereof.

Witness my hand and seal this 9th day of February 2016

Nathan Burkett
County Administrator

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 February 9, 2016, at 10:00 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; and (c) refinance debt incurred to acquire Borrower's existing clinic building located at 25 Fourth Street Southwest in Aitkin (the "2006 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.

**STATEMENT CONCERNING A PROPOSED PROJECT
UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.165**

The undersigned, being the duly qualified and acting Chair of Aitkin County, Minnesota (the "Issuer"), certifies that the governing body of the Issuer has been provided by Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center, a Minnesota nonprofit corporation (the "Borrower"), or its representatives, with certain information concerning a proposed Project under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"). On the basis of such information the Issuer, by resolution adopted February 9, 2016, has given preliminary approval to the proposed project and the financing thereof by the issuance of a revenue obligation or obligations of the Issuer. The following are factors considered by the governing body of the Issuer in determining to give preliminary approval to said project:

1. The project is described in Attachment A to the Minnesota Department of Employment and Economic Development, Application for Approval of Industrial Development/Revenue Bond Project Pursuant to Minn. Stat. 469.152 – 469.165, dated February 9, 2016, submitted for the project by the Issuer (the "Project"). The Borrower intends to finance the Project through the use of tax-exempt obligations issued by the Issuer pursuant to a Cooperation Agreement between the Issuer, the City of Garrison, Minnesota, the City of McGregor, Minnesota and the City of Aitkin, Minnesota.
2. Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel for the Project, is of the opinion that the Project constitutes a "project" within the meaning of Minnesota Statutes, Section 469.153, Subdivision 2.
3. Based on the representations of the Borrower, it is the opinion of the governing body of the Issuer that the Project, when completed, will provide necessary facilities so that adequate health care services are available to area residents at a reasonable cost.
4. The Borrower currently employs ___ people. No new jobs will be created by the Project. The governing body of the Issuer believes that the Project will help prevent chronic unemployment and the movement of talented and educated persons out of the state or to areas within the state where these services may not be as effectively used.
5. The Issuer will, upon entering into a revenue agreement, comply with the requirements of Minnesota Statutes, Section 469.154, Subd. 5.
6. Based on representations of the Borrower as to the nature of the Project, the Project does not include any property to be sold or affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

7. A public hearing was conducted on February 9, 2016, in the West Annex of the Aitkin County Courthouse, 217 Second Street NW, Aitkin, Minnesota, at 10:00 a.m. pursuant to Minnesota Statutes, Section 469.154, Subd. 4, to consider the proposal that the Issuer undertake and finance the Project. A draft copy of the "Application for Approval of Industrial Development/Revenue Bond Project Pursuant to Minn. Stat. 469.152 – 469.165" with all attachments was available for public inspection. All interested parties were afforded an opportunity to express their views.

Dated: February 9, 2016.

Chair

ME:\DOCS\09128-000007-BON\1453936.DOCX

[National Healthcare Capital Stationery]

_____, 2016

Commissioner
Minnesota Department of Employment and
Economic Development
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

Fryberger, Buchanan, Smith & Frederick, P.A.
302 West Superior Street, Suite 700
Duluth, MN 55802

At the request of Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center, a Minnesota nonprofit corporation (the "Borrower"), we have undertaken a study of the financing required to facilitate the Borrower's refinancing a portion of the cost of a project owned by 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, 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 and the Borrower; and (ii) the Borrower's \$4,000,000 Senior Secured Rural America Bonds, Series 2011A and Series 2011B, payment of which is a direct obligation of the Borrower. This financing will be referred to as Aitkin County, Minnesota Health Care Facilities Refunding Revenue Note, Series 2016 (Riverwood Healthcare Center Project).

It is our opinion, on the basis of current financial information, that the revenue note or bonds of Aitkin County can be successfully issued and sold.

Sincerely,

[Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center Stationery]

_____, 2016

Chair and Board of Commissioners
Aitkin County
217 Second Street NW, Room 134
Aitkin, MN 56431

RE: Aitkin County, Minnesota
Health Care Facilities Refunding Revenue Note, Series 2016 (Riverwood Healthcare
Center Project)

Dear Chair and Board of Commissioners:

In accordance with Minnesota Statutes, Section 469.154, subdivision 7 (the "Act"), Aitkin Community Hospital, Inc., d/b/a Riverwood Healthcare Center, a Minnesota nonprofit corporation (the "Developer"), hereby agrees to make every effort to comply with the requirements of the Act for the purpose of providing employment to those individuals who are unemployed or who are economically disadvantaged and who otherwise qualify for employment with the Developer.

It is the intent of the Developer to target employment opportunities to qualified individuals who are unemployed or economically disadvantaged as defined in the Federal Job Training Partnership Act of 1982, Statutes at Large, Volume 96, page 1322.

It further is the intent of the Developer to provide such reports to the Commissioner of the Department of Employment and Economic Development of the State of Minnesota as may be required by the Act or other laws of the State of Minnesota.

AITKIN COMMUNITY HOSPITAL, INC.,
d/b/a Riverwood Healthcare Center

By _____