



# Board of County Commissioners Agenda Request

5A  
Agenda Item #

**Requested Meeting Date:** March 8, 2016

**Title of Item:** Riverwood Healthcare Center Refinancing Project

<input checked="" type="checkbox"/> REGULAR AGENDA	<b>Action Requested:</b>	<input type="checkbox"/> Direction Requested
<input type="checkbox"/> CONSENT AGENDA	<input type="checkbox"/> Approve/Deny Motion	<input type="checkbox"/> Discussion Item
<input type="checkbox"/> INFORMATION ONLY	<input checked="" type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Hold Public Hearing*

*\*provide copy of hearing notice that was published*

<b>Submitted by:</b> Nathan Burkett	<b>Department:</b> Administration
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<b>Presenter (Name and Title):</b> Nathan Burkett, County Administrator	<b>Estimated Time Needed:</b>
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**Summary of Issue:**

On Tuesday, February 9th at 10:00 a.m. a Public Hearing for Riverwood Healthcare Center Refinancing Project was held. Tucker Plumstead, National Healthcare Capital spoke on behalf of Riverwood Healthcare Center. No other public comment was given. The Board agreed to address this issue at the March 8th County Board meeting and take action at that time.

At Tuesday's Board meeting, the Board will need to decide whether to adopt or deny the attached resolution.

**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?  Yes  No

What is the total cost, with tax and shipping? \$

Is this budgeted?  Yes  No *Please Explain:*

By Commissioner: xx

20160308-0xx

**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  
STATE OF MINNESOTA}  
COUNTY OF AITKIN}

All Members Voting Yes

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 8<sup>th</sup> day of March 2016, and that the same is a true and correct copy of the whole thereof.

Witness my hand and seal this 8<sup>th</sup> day of March 2016

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Nathan Burkett  
County Administrator