



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Presenter:</b>	E.J. Moberg
<b>Meeting Date:</b>	Tuesday, February 27, 2024
<b>Category:</b>	CONSENT AGENDA
<b>Type:</b>	ACTION
<b>Subject:</b>	Consider resolution calling for a public hearing on an issue of conduit revenue bonds on behalf of the Foundation for Innovation in Education to be leased to and operated by the Southwest West Central Service Cooperative (SWWC)
<b>Background Information:</b>	<p>Attached for consideration is a resolution calling for a public hearing on an issue of conduit revenue bonds for the benefit of Foundation for Innovation in Education.</p> <p>The Foundation for Innovation in Education, a Minnesota nonprofit corporation (Borrower) has requested the City issue one or more series of revenue bonds. Proceeds of the bonds will be applied by Borrower to the following purposes: (i) the acquisition, construction and equipping of an approximately 16,100 square-foot facility in the City; (ii) the funding of capitalized interest; and (iii) the payment of a portion of the costs of issuing the bonds.</p> <p>The facility will be owned for federal tax purposes by the Borrower and will be leased to and operated by the SWWC.</p> <p>SWWC members consist of public schools, non-public schools, charter schools, cities, counties and other governmental agencies. SWWC serves 18 counties in southwest and west central Minnesota, including Big Stone, Swift, Kandiyohi, Meeker, Lac qui Parle, Chippewa, McLeod, Renville, Jackson, Lincoln, Lyon, Redwood, Pipestone, Murray, Cottonwood, Rock, Nobles and Yellow Medicine. These counties cover 12,500 square miles. From member districts and other schools, SWWC programs serve over 200 Level IV special education children.</p> <p>Since the Project to be financed by bonds is located in the City, Section 147(f) of the Internal Revenue Code of 1986, and regulations promulgated thereunder, require that prior to the issuance of the Bonds, this Council approve the use of proceeds of the Bonds to improve facilities located in the City, after conducting a public hearing thereon. A public hearing on the proposal to issue the Bonds to finance the Project is proposed to be held on March 26, 2024, at 5:30 p.m., in Council Chambers.</p> <p>The aggregate face amount of the bonds will not exceed \$11,000,000, subject to the approval of the project by DEED and subject to additional agreement.</p> <p>As with all conduit revenue bonds the City will have no obligation to pay the bonds even if the project encounters financial difficulties.</p> <p>The Tax Equity and Fiscal Responsibility Act (TEFRA) hearing is an IRS requirement for any non-profit borrower seeking tax-exempt bonds through a conduit issuer. The hearing is held to allow members of the public to comment, contest, oppose, or support the use of tax-exempt bonds for a non-profit borrower that is providing a public benefit.</p>

	<p>The Foundation for Innovation in Education has completed a draft of the City's application for tax exempt financing.</p> <p>The resolution to be considered and the related notice of public hearing are in the Council packet.</p>
<b>Fiscal Impact:</b>	
<b>Alternative/ Variations:</b>	
<b>Recommendations:</b>	Approve resolution calling for a public hearing on the issuance of conduit revenue bonds on behalf of the Foundation for Innovation in Education.