



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	E.J. Moberg
Meeting Date:	Tuesday, February 27, 2024
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider resolution calling for a public hearing on an issue of revenue bonds on behalf of Avera Health
Background Information:	<p>Attached for consideration is a resolution calling for a public hearing on an issue of revenue bonds on behalf of Avera Health.</p> <p>Avera Health plans to acquire, construct, remodel, renovate and equip certain health care facilities located in the City (the “Project”) owned by Avera Marshall, an affiliate of Avera Health and a Minnesota nonprofit corporation, through the issuance by the South Dakota Health and Educational Facilities Authority of one or more series of revenue bonds, of which an amount not to exceed \$3,000,000 will be applied to finance the Project.</p> <p>Since the Project to be financed by the 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 12, 2024, at 5:30 p.m., in Council Chambers.</p> <p>The City is being asked to provide “host approval” under Section 147(f) of the IRS Code for the issuance of tax-exempt conduit revenue bonds by the South Dakota Health and Educational Facilities Authority. Host approval, which requires the City to hold a public hearing and adopt an approving resolution, must be provided by the City in order for the South Dakota Authority to issue such bonds since the project to be financed by the bonds is located in the City of Marshall.</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. And the issuance of the bonds by the South Dakota Authority will not impact the City whatsoever.</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>Avera Marshall has completed the City’s application for tax exempt financing and returned the completed form with non-refundable application fee to the Director of Administrative Services.</p> <p>The resolution to be considered and the related notice of public hearing are in the Council packet.</p>

Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Approve resolution calling for a public hearing for providing “host approval” on the issuance of revenue bonds on behalf of Avera Health