



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	E.J. Moberg
Meeting Date:	Tuesday, March 12, 2024
Category:	PUBLIC HEARING
Type:	ACTION
Subject:	Issuance of revenue bonds by the South Dakota Health and Educational Facilities Authority for Avera Health to finance a project located in the City of Marshall – 1) Public Hearing; 2) Consider resolution providing host approval for said issuance
Background Information:	<p>Hold a public hearing on an issue of revenue bonds for Avera Health.</p> <p>Avera Health plans to 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. The public hearing on the proposal to issue the Bonds to finance the Project was noticed to be held on March 12, 2024, at 5:30 p.m., in Council Chambers. Published notice was included in the March 5, 2024, issue of the Marshall Independent.</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>Christy Coudron and Tracy Deutz (VP Operations at Marshall) will attend the public hearing to support Avera Marshall. Kendall Kliewer from Avera Health will also attend via Zoom.</p>

	The resolution to be considered is in the Council packet.
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Recommendation No. 1: Hold and close the public hearing Recommendation No. 2: Adopt the resolution providing host approval for the issuance of revenue bonds by the South Dakota Health and Educational Facilities Authority for Avera Health to finance a project located in the City of Marshall