

COUNCIL ACTION FORM

SUBJECT: SETTING OCTOBER 8, 2019, AS THE DATE OF PUBLIC HEARING FOR AUTHORIZATION TO ISSUE HOSPITAL REVENUE BONDS, MARY GREELEY MEDICAL CENTER SERIES 2019, IN AN AMOUNT NOT TO EXCEED \$35,000,000

BACKGROUND:

Mary Greeley Medical Center (MGMC) began a multi-phase expansion and renovation on its campus this summer, which is expected to be completed in summer 2022. Project components include the relocation of the Birthways, Neonatal Intensive Care Unit (NICU), and Pediatrics departments from the South Tower to the 3rd floor of the West Patient Tower/Vertical Expansion. This project also relocates the current Medical/Surgical Unit from the 3rd floor of the West Patient Tower/Vertical Expansion to the 6th floor of the of the West Patient Tower to allow for all mother, baby, and child inpatient services to be located together on the 3rd floor. The project area is approximately 62,500 square feet, of which 24,000 is build-out of the existing shell space on the 6th floor and the remaining is renovation of existing finished space on the 3rd floor. Summary information on the bond is included in an attachment prepared by the MGMC financial advisor. Note that the MGMC bond issuance is a private placement of debt rather than a public offering; because of this the documentation is different from what Council would be provided for City debt issuance. The requirement for a public hearing and approval of the issuance remain the same.

The Municipal Code section that provides for the duties and authorities of the hospital trustees does not delegate activities related to the issuance and sale of revenue bonds. Therefore, Council action is required to issue revenue bonds for the hospital.

The issuance of revenue bonds by MGMC does not create a financial obligation or pledge of credit or taxing authority for the City of Ames. Only revenues from MGMC will be used to pay back the bonds. **However, since the revenue bonds will be issued in the name of the City, it is imperative that the City Council does its due diligence and determines if the MGMC is capable of meeting its debt obligation resulting from this bond issuance.**

ALTERNATIVES:

1. Establish October 8, 2019, as the date to hold a public hearing and take action to authorize the issuance of Hospital Revenue Bonds, Mary Greeley Medical Center Series 2019, in an amount not to exceed \$35,000,000.

2. Delay the hearing on the issuance of Hospital Revenue Bonds.

CITY MANAGER'S RECOMMENDED ACTION:

Mary Greeley Medical Center provides quality medical services to Ames and the surrounding area, and is a major economic contributor to the community. Issuance of bonds will allow the medical center to make improvements to medical facilities to serve the citizens of Ames and surrounding area. Issuance of these revenue bonds involves no financial obligation on the part of Ames property taxpayers.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby establishing October 8, 2019, as the date to hold a public hearing and take action to authorize the issuance of Hospital Revenue Bonds, Mary Greeley Medical Center Series 2019, in an amount not to exceed \$35,000,000.