

CITY OF SAINT PETER, MINNESOTA

OFFICIAL PROCEEDINGS

MINUTES OF THE SPECIAL CITY COUNCIL MEETING MAY 4, 2020

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Saint Peter was conducted by virtual software on May 4, 2020. Under M.S. 13D.021, the City is able to conduct meetings by electronic means in the event of a state-wide emergency. Governor Walz has declared a state-wide peacetime emergency and as such City Council meetings will be conducted remotely using GoToMeeting software until further notice.

A quorum present, Mayor Zieman called the meeting to order at 5:31 p.m. The following members were present through the virtual platform: Councilmembers Ed Johnson, Keri Johnson, Shanon Nowell, Brad DeVos, Stephan Grams, Emily Bruflat and Mayor Zieman. The following officials were present: City Administrator Todd Prafke and City Attorney James Brandt.

Issuance Of River's Edge Hospital Debt Under Paycheck Protection Program (PPP) – Shannon Sweeney from the City's financial advisors at David Drown Associates addressed the Council in support of the bond issuance for River's Edge Hospital through the CARES Act Paycheck Protection Program as an incentive for employers to retain their employees during the emergency. Sweeney reported the money would be a loan with a term of up to two years that would be forgiven if the funds were used to directly finance Paycheck over an eight week period and while the Hospital's submission of an application had already happened, the loan must be closed by May 7th. Sweeney also noted that one of the requirements of the loan program was that covenants against issuance of additional debt must be waived and People's Bank Midwest had provided a letter waiving their covenant. Sweeney also reported that while a similar release wasn't deemed necessary from Bremer Bank, they had been contacted and had given verbal assurance they would provide a waiver even though the letter hadn't been received yet.

River's Edge Hospital CFO Lori Zook addressed the Council to indicate the Hospital had worked hard to avoid furloughing any staff even though the prohibition against performing any elective surgeries had left many staff with limited duties. Zook stated staff was being kept busy by doing continuing education, cross training and other duties and assured the Council the PPP money would be used directly for Paycheck, pension costs, and health insurance within the next eight weeks and as such, it was expected that every dollar would be forgiven much earlier than the two year deadline.

City Administrator Prafke noted the Hospital Commission would also be convening a special meeting regarding the debt issuance.

Daniel Burns, the City's bond counsel from Taft Law (formerly Briggs and Morgan), addressed the Council and reported the bond issuance would be taxable to avoid certain IRS regulations and as it was expected to be totally forgiven, the issuance would not be a general obligation bond backed by the full faith and credit of the City. Burns indicated that if something went wrong and the bonds were not forgiven, the debt would be repaid by River's Edge Hospital revenues.

Nate Newhouse, President of Pioneer Bank in St. Peter which would issue the debt through the Paycheck Protection Program stated that in light of how quickly the first round of PPP funds was

exhausted, he congratulated the Hospital and City for immediately registering the loan application which encumbered the funds for the Hospital in the second round of program funding. Newhouse reminded the Council the loan must be closed within ten (10) days of the application being registered.

Councilmember Johnson (K) asked what employees are covered by the program. Zook reported that all employees were impacted.

In motion by Nowell, seconded by Bruflat, Resolution No. 2020-49 entitled "Resolution Providing For The Issuance And Sale Of A Taxable Hospital Revenue Note Of 2020 (River's Edge Hospital), And Authorizing Execution Of Related Documents" was introduced. Upon roll call, with all in favor, the Resolution was declared passed and adopted. A complete copy of Resolution No. 2020-49 is contained in the City Administrator's book entitled Council Resolutions 23.

There being no further business, a motion was made by Johnson (K), seconded by Bruflat, to adjourn. With all in favor, the motion carried and the meeting adjourned at 5:49 p.m.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator