



Legislation Text

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RESOLUTION CONSENTING TO AND APPROVING THE EXPENDITURE OF SALE PROCEEDS FOR A PROJECT IMPROVING ECUMAN LAKESHORE IN DULUTH.

BY COUNCILOR HANSEN:

WHEREAS, CDL Homes, LLC, a Minnesota limited liability company whose sole member is Ecumen, a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), plans to sell portions of its skilled nursing and assisted living campus in Chisago City, Minnesota, that has been financed in part by tax-exempt bonds. Proceeds of the sale in the amount of approximately \$2,000,000 (the "Sale Proceeds") are planned to be expended to make capital improvements to the Project defined below, principally consisting of the enhancement of interior and exterior features of the Project and replacing critical infrastructure; and

WHEREAS, the project is the approximately 60-bed skilled nursing facility, the approximately 60-unit housing with services facility and the approximately 100-unit independent living facility (collectively, the "Project"), located at 4000-4004 London Road in the City of Duluth (the "city"). The skilled nursing facility and housing with services facility are owned by Lakeshore, Inc., a Minnesota nonprofit corporation, and the independent living facility is owned by The Crest at Lakeshore, LLC, a Minnesota limited liability company whose sole member is Ecumen; and

WHEREAS, because the Sale Proceeds are being expended in the city with respect to the Project, it is necessary under federal tax law rules for the city to hold a public hearing and approve such expenditure; and

WHEREAS, a notice of public hearing was published at least fourteen days before the regularly scheduled meeting of the city council in a newspaper circulating generally in the city, with respect to the required public hearing under Section 147(f) of the Code; and

WHEREAS, on November 20, 2017, the city council conducted a duly noticed public hearing on the expenditure of the Sale Proceeds for the Project.

NOW, THEREFORE BE IT RESOLVED, that the city council consents to and approves of the expenditure of the Sale Proceeds with respect to the Project as described above, subject to Ecuman paying and upon demand, reimbursing the city for payment of any and all cost incurred by the city in connection with this resolution.

STATEMENT OF PURPOSE: CDL Homes, LLC, the owner of a senior health facility historically known as Lakeshore Lutheran and now known as Ecuman Lakeshore, is selling a facility in Chisago City, Minnesota. The Chisago City facility was originally financed with exempt bond proceeds and CDL, LLC, intends to use some of the proceeds to make improvements to Ecuman Lakeshore. Because bond proceeds are being spent in Duluth, a public hearing and resolution are required for the Duluth city council to approve the expenditure. The notice of the public hearing was properly published and the public hearing was held on November 20, 2017.