

HENNEPIN COUNTY

MINNESOTA

FINAL COMMITTEE AGENDA

ADMINISTRATION, OPERATIONS AND BUDGET COMMITTEE

TUESDAY, APRIL 23, 2024
1:30 PM

Chair: Debbie Goettel, District 5
ViceChair: Marion Greene, District 3
Members: Jeff Lunde, District 1
Irene Fernando, District 2
Angela Conley, District 4
Vacant, District 6
Kevin Anderson, District 7

1. Minutes from Previous Meeting

1.A. April 2, 2024 Minutes

2. Public Hearing

2.A. Public comment on the proposal to issue general obligation bonds for the purpose of financing capital improvement projects that are included in the county's 2024-2028 Capital Improvement Program.

2.B. Public comment on the Hennepin County Consortium Draft 2024 Action Plan

2.C. Public comment on the Workforce Innovation and Opportunity Act Local Plan

3. Open Appointment Interviews

3.A. [24-0144](#)

2024 Watershed Board appointments - Lower Minnesota River Watershed Board

4. New Business

Routine Items

4.A. [24-0145](#)

Sale of approximately \$67,000,000 of tax-exempt general obligation refunding bonds, contingent upon market conditions; fixing the form and specifications thereof and providing for their execution, delivery and payment

Items for Discussion and Action

4.B. [24-0146](#)

Increase the 2024 Local Affordable Housing Aid Fund budget by \$10,000,000; transfer \$10,000,000 to HED; supp app of \$10,000,000 and 8.0 FTEs to 2024 HED budget

4.C. [24-0147](#)

Neg Agmt with Little & Company to advance Hennepin County's brand,
DOE-05/31/25, NTE \$500,000

Addendum

4.D. [24-0175](#)

Neg Amd 4 to Agmt PR00004865 with Lockridge Grindal Nauen P.L.L.P.
Attorneys at Law for legal services, incr NTE by \$50,000

4.E. [24-0176](#)

Delegate authority for the Hennepin County Attorney to approve and sign
outside counsel agreements and amendments for special criminal prosecution
within the allocated budget of the Hennepin County Attorney's Office; direct
bi-annual reporting to the county board

4.F. [24-0177](#)

County Board oversight of Hennepin Healthcare System, Inc.; establishes
meetings - offered by Commissioner Fernando

HENNEPIN COUNTY

MINNESOTA

300 South Sixth Street
Minneapolis, MN
55487-0240

Board Action Request

TMP-1003

Item Description:

April 2, 2024 Minutes

HENNEPIN COUNTY

MINNESOTA

COMMITTEE MINUTES

ADMINISTRATION, OPERATIONS AND BUDGET COMMITTEE

TUESDAY, APRIL 2, 2024
1:30 PM

Chair: Debbie Goettel, District 5
ViceChair: Marion Greene, District 3
Members: Jeff Lunde, District 1
Irene Fernando, District 2
Angela Conley, District 4
Vacant, District 6
Kevin Anderson, District 7

Commissioner Debbie Goettel, Chair, called the meeting of the Administration, Operations and Budget Committee for Tuesday, April 2, 2024 to order at 2:02 p.m.

Present: Debbie Goettel, Jeff Lunde, Irene Fernando, Marion Greene, Angela Conley and Kevin Anderson

1. Minutes from Previous Meeting

1.A. March 12, 2024 Minutes

APPROVE

Commissioner Jeff Lunde moved, seconded by Commissioner Irene Fernando, to approve the Minutes.

Aye: Commissioner Goettel, Commissioner Lunde, Commissioner Fernando, Commissioner Greene, Commissioner Conley and Commissioner Anderson

2. New Business

Routine Items

2.A. [24-0121](#)

Amd 2 to Agmt PR00004679 with OptumRx, the county's self-insured pharmacy benefit plan's third-party administrator, to include reporting service for Centers for Medicare and Medicaid Services required by the Consolidated Appropriations Act Prescription Drug Data Collection filing

CONSENT

Commissioner Marion Greene moved, seconded by Commissioner Kevin Anderson, to approve the Resolution.

Aye: Commissioner Goettel, Commissioner Lunde, Commissioner Fernando, Commissioner Greene, Commissioner Conley and Commissioner Anderson

Addendum

2.B. [24-0140](#)

JPA PR00006037 with the State of MN for a Joint Disparity Study to examine whether there is evidence of discrimination against BIPOC- and women-owned firms in Hennepin County's market area and to assess potential measures to address any such discrimination, 02/01/24-01/31/26, NTE \$32,660

CONSENT

Commissioner Debbie Goettel moved, seconded by Commissioner Irene Fernando, to approve the Resolution.

Aye: Commissioner Goettel, Commissioner Lunde, Commissioner Fernando, Commissioner Greene, Commissioner Conley and Commissioner Anderson

2.C. [24-0141](#)

Amend the 2024 Capital Budget to include to include CP 1010889 Hennepin Healthcare Space Improvements Project to fund facility improvements at Hennepin County Medical Center; Transfer \$15,000,000 funds from the HHS Purple Parking Ramp Expansion (CP 1008705), direct Administrator to include additional funding in the 2025 Capital Budget

CONSENT

Commissioner Debbie Goettel moved, seconded by Commissioner Irene Fernando, to approve the Resolution.

Aye: Commissioner Goettel, Commissioner Lunde, Commissioner Fernando, Commissioner Greene, Commissioner Conley and Commissioner Anderson

There being no further business, the Administration, Operations and Budget Committee for Tuesday, April 2, 2024 was declared adjourned at 2:25 p.m.

Maria Rose
Clerk to the County Board

Board Action Request

TMP-1009

Item Description:

Public comment on the proposal to issue general obligation bonds for the purpose of financing capital improvement projects that are included in the county's 2024-2028 Capital Improvement Program.

NOTICE OF PUBLIC HEARING

Published in Finance and Commerce

The Hennepin County Board of Commissioners will hold a public hearing before its County Administration, Operations and Budget Committee at 1:30 pm, or as soon as practicable thereafter, on Tuesday, April 23, 2024. The purpose of the hearing is to consider the proposal to issue up to \$300,000,000 in aggregate principal amount of general obligation bonds of the county for the purpose of financing capital improvement projects that are included in the county's 2024-2028 Capital Improvement Program pursuant to Minnesota Statutes, Section 373.40, subdivision 2(b).

Interested persons are encouraged to attend the public hearing by telephone conference or in person by using the following instructions and all such persons shall be given an opportunity to express their views with respect to the proposal to issue the bonds to finance the projects. To attend the public hearing via telephone, call the conference number at: 612-688-3545. Those wishing to attend the public hearing in person should go to the County Commissioner Board Room (A2400) in the Hennepin County Government Center, 300 South Sixth Street, Minneapolis, Minnesota.

HENNEPIN COUNTY

MINNESOTA

300 South Sixth Street
Minneapolis, MN
55487-0240

Board Action Request

TMP-1010

Item Description:

Public comment on the Hennepin County Consortium Draft 2024 Action Plan

**HENNEPIN COUNTY
PUBLIC COMMENT SOLICITED and
NOTICE OF PUBLIC HEARING**

The Hennepin County Board of Commissioners is soliciting public comment on the Hennepin County Consortium Draft 2024 Action Plan, which will be submitted to the U.S. Department of Housing and Urban Development (HUD) in May 2024. The Hennepin County Consortium includes all cities in suburban Hennepin County.

Purpose: The 2024 Action Plan will guide the use of approximately \$5.0 million in funding for housing and community development activities in suburban Hennepin County through the Community Development Block Grant Program (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grant Program (ESG). All funding comes from HUD. The Consortium's 2024 Action Plan program year runs from July 1, 2024 through June 30, 2025.

Written comments will be accepted for 30 days beginning March 27, 2024 and ending April 30, 2024. Written comments must be submitted by 4:30 p.m., April 30, 2024, and be addressed to Julia Welle Ayres, Housing Development and Finance Director, Hennepin County Housing and Economic Development Department, 701 Fourth Avenue South, Suite 400, Minneapolis, MN 55415, or julia.welleayres@hennepin.us. A copy of the comments will be included in the documents submitted to HUD.

The draft 2024 Action Plan will be available March 27, 2024 on the county's website (<https://www.hennepin.us/your-government/research-data/housing-plans-accomplishments>). If you would like a copy of either draft plan or have questions, please contact the Hennepin County Department of Housing and Economic Development 612-543-4342.

Additionally, a Public Hearing on the 2024 Action Plan will be held at 1:30 p.m., Tuesday, April 23, 2024 at the Administration, Operations and Budget Committee meeting of the Hennepin County Board of Commissioners.

PLEASE NOTE, the public hearing will be conducted via telephone and other electronic means as allowed under Minnesota Statutes, Section 13D.021 and Revenue Procedure 2020- 21, issued by the Internal Revenue Service on May 4, 2020, as modified by Revenue Procedure 2020-49, issued by the Internal Revenue Service on November 4, 2020. Interested persons may attend the public hearing by telephone conference by using the following instructions and all such persons shall be given an opportunity to express their views with respect to the Hennepin County Consortium Action Plan. To attend the public hearing via telephone, call the toll-free dial-in telephone conference number 855-340-8151.

If you need help to make it possible for you to be active in the public hearing such as sign language interpreter or assisted hearing equipment, this help can be provided if you ask. To ask for help, please call 612-543-4342 at least three days prior to the hearing.

Board Action Request

TMP-1011

Item Description:

Public comment on the Workforce Innovation and Opportunity Act Local Plan

Board Action Request

24-0144

Item Description:

2024 Watershed Board appointments - Lower Minnesota River Watershed Board

Resolution:

BE IT RESOLVED, that in accordance with Hennepin County Open Appointments Policy, the following individual be appointed to the Lower Minnesota River Watershed Board:

Background:

Consistent with County Board policy, Hennepin County has conducted an open appointment application process to fill the position on the watershed board. The Hennepin County Board will hear interviews for this position on April 23, 2024. Qualified applicants have been notified and invited to pre-record comment. At a board meeting following interviews, the County Board will take action to select from the pool of applicants to fill the available advisory board positions.

This request communicates the names of applicants for the open community advisory board positions and helps build the agenda for the interviews and appointments.

Recommendation from County Administrator: No Recommendation

HENNEPIN COUNTY

MINNESOTA

300 South Sixth Street
Minneapolis, MN
55487-0240

Board Action Request

24-0145

Item Description:

Sale of approximately \$67,000,000 of tax-exempt general obligation refunding bonds, contingent upon market conditions; fixing the form and specifications thereof and providing for their execution, delivery and payment

Resolution:

BE IT RESOLVED, by the Board of Commissioners (the "Board") of Hennepin County, Minnesota (the "County"), as follows:

1. Findings. Pursuant to authority granted by Minnesota Statutes, Section 373.40 and Chapter 475, the Board deems it necessary and expedient to issue and sell approximately \$67,000,000 in principal amount of General Obligation Refunding Bonds, Series 2024A (the "Series 2024A Bonds" or the "Bonds"), to defease and refund prior to maturity, on a current refunding basis, (i) the outstanding maturities of the Taxable General Obligation Bonds, Series 2010C (Build America Bonds - Direct Payment) (the "Series 2010C Bonds"); and (ii) the outstanding maturities of the Taxable General Obligation Bonds, Series 2010D (Recovery Zone Economic Development Bonds - Direct Payment) (the "Series 2010D Bonds", and together with the Series 2010C Bonds, the "Series 2010 Bonds" or the "Refunded Bonds") each dated as of September 15, 2010, contingent upon favorable market conditions, as determined by the Hennepin County Director of Budget and Finance (the "Director of Budget and Finance"), or the Hennepin County Administrator (the "County Administrator"), as further described below.

The Series 2010C Bonds were issued to provide financing of a portion of the costs of acquisition and betterment, including necessary and incidental costs described in Minnesota Statutes, Section 475.65, for the capital improvement projects included in the County's 2010 Capital Improvement Plan and certain library improvement projects of the County. The Series 2010D Bonds were issued to provide financing of a portion of the costs of acquisition and betterment of the Lowry Avenue bridge as described in the County's 2010 Capital Improvement Plan, including necessary and incidental costs described in Minnesota Statutes, Section 475.65.

The Series 2010 Bonds are subject to redemption prior to their respective maturity dates at any time following their issuance at the option of the County, upon payment of the "Make-Whole Redemption Price" as defined in the Series 2010C Bonds and the Series 2010D Bonds. Alternatively, the Series 2010 Bonds are also subject extraordinary redemption at the option of the County, without premium, upon either a Determination of Ineligibility (as defined in the Series 2010C Bonds and the Series 2010D Bonds respectively) or a failure by the U.S. Treasury to pay the credit, in whole or in part, due the County as provided in Section 6431 of the Code, as of the date of the issuance of the Series 2010 Bonds. The U.S. Treasury has reduced the amount of credit paid to the County, and therefor has failed in part to pay the credit due to the County as of the date of the issuance of the Series 2010 Bonds.

2. Determinations of the Board. The Board has made all necessary investigation and hereby finds and determines as follows:

- a. The Bonds shall be dated the date of issuance and shall bear interest at the rates determined

by the successful proposer, payable semiannually on June 1 and December 1 in each year, commencing December 1, 2024, as set forth in the Certificate as to Terms of Bond Sale and Levy of Taxes (the "Certificate") to be executed at closing by the Chair, the County Administrator, or the Director of Budget and Finance. Execution of the Certificate or Certificates upon closing shall be conclusive evidence of the final adoption of the terms contained therein. The terms of the Certificate, when approved and finalized as evidenced by execution of the Certificate, are incorporated herein by reference. The method and date of redemption (the "Redemption Date") shall be selected by the Director of Budget and Finance.

- b. The Bonds shall mature on the dates and in the amounts set forth in the Official Terms and Conditions of Bond Sale, and as described in the Certificate; provided, however, the total principal amount of the Bonds shall not exceed \$67,000,000, subject to adjustment for a premium sale price as permitted pursuant to Minnesota Statutes, Section 475.60, and the inclusion of costs of issuance as permitted pursuant to Minnesota Statutes, Section 475.67. The final maturity of the Bonds shall be not later than December 1, 2035.
 - c. The maximum principal and interest to become due in any year on the Bonds and all other outstanding capital improvement bonds shall not exceed an amount equal to 0.12 percent of market value of all taxable property in the County.
 - d. The Director of Budget and Finance may permit prospective proposers to designate any portion of the principal of a series of Bonds to be combined within one or more term bonds subject to mandatory sinking fund redemption. The Bonds shall be subject to redemption and prior payment at the option of the County in whole or in part in such order of maturity as the County may determine on the date, at the price, and for the maturities provided in the Official Terms and Conditions of Bond Sale. Thirty days' mailed notice of any such redemption shall be given to the registered owners of the Bonds pursuant to Minnesota Statutes, Chapter 475. The Bonds shall be numbered from R-1 upwards in order of issuance or in such other order as the Bond Registrar may determine and shall be in denominations of \$5,000 each or any integral multiple thereof.
 - e. The Director of Budget and Finance or the County Administrator may re designate the Bonds authorized hereby as "General Obligation Refunding Bonds, Series 2024____," completing the blank with an uppercase letter as appropriate for the order of such issuance and to eliminate any gaps in the designation of such series caused by the determination not to issue and sell any series of bonds, to issue and sell any series of bonds at a different time, or to issue the Bonds in one or more series.
3. Bond Sale. Electronic proposals for the Series 2024A Bonds will be received on a date and time determined by the Director of Budget and Finance. The Board hereby delegates to the Director of Budget and Finance, or his designee, authority to consider the proposals and award the sale to the best proposal, provided the issuance thereof results in the reduction of debt service cost to the County. The Board hereby determines to sell the Bonds in accordance with the procedures set forth in the Official Terms and Conditions of Bond Sale. The County has retained PFM Financial Advisors LLC, Minneapolis, Minnesota ("PFM"), as independent municipal advisor, and pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9), PFM is hereby authorized to solicit proposals for the Series 2024A Bonds on behalf of the County. The specifications set forth in the Official Terms and Conditions of Bond Sale may be revised by the Director of Budget and Finance in consultation with PFM.
 4. Registrar and Paying Agent. The Director of Budget and Finance is hereby designated to act on behalf of the County as Bond Registrar, Transfer Agent and Paying Agent for the Bonds.

5. Official Statement. The County staff, in cooperation with PFM, is hereby authorized and directed to prepare on behalf of the County an official statement to be distributed to potential purchasers of the Bonds. Such official statement shall contain the Official Terms and Conditions of Bond Sale for the Bonds, as set forth above, and such other information as shall be deemed advisable and necessary to describe adequately the County and the security for, and terms and conditions of, the Bonds. The final Official Statement shall be in the form approved by the County Administrator or Director of Budget and Finance.
6. Continuing Disclosure. The Official Statement will contain an undertaking by the County to execute and deliver a Continuing Disclosure Certificate, substantially in the form approved by the County Administrator or the Director of Budget and Finance. The Director of Budget and Finance shall have overall responsibility for compliance with the Continuing Disclosure Certificate and other similar undertakings hereafter made by the County under Rule 15c2-12(b)(5) of the Securities and Exchange Commission, and the Director of Budget and Finance shall implement the dissemination of reports and notices thereunder. Amendments to the Continuing Disclosure Certificate permitted by the undertakings may be made by the Director of Budget and Finance. The Continuing Disclosure Certificate may be executed by the Director of Budget and Finance or the County Administrator. The Continuing Disclosure Certificate proposed to be executed and delivered in connection with the Bonds is hereby approved and the undertakings set forth therein shall be deemed covenants for the benefit of the holders of the Bonds.
7. Ratings. The County staff is authorized and directed to obtain ratings of the Bonds from up to three nationally recognized credit rating services, to pay the reasonable and customary charges of such rating services, and to take such other actions as may be required so that the Bonds may be issued and sold as contemplated hereby.
8. Tax Levies. To pay the principal of and interest on the Bonds there is hereby levied upon all of the taxable property in the County a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general taxes of the County and shall be paid into the Debt Service Fund (in any subaccount deemed desirable), which tax is collectible in the years and amounts equal to 105% of the principal and interest on such bonds due in each year.

It is hereby estimated that all such taxes described above, if collected in full, will produce amounts sufficient to pay 105% of principal of and interest on the Bonds when due. However, the Bonds are general obligations of the County, to the payment of which the full faith and credit and taxing power of the County are pledged, and the County will levy a general ad valorem tax on all taxable property in the County, if required for the purpose, without limitation as to rate or amount.

The taxes required to be levied hereby and other funds appropriated to the Debt Service Fund for payment of the Bonds shall be held and used for no other purpose than to pay principal of and interest on the Bonds; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Fund to pay the same, the County shall pay such principal or interest from the General Fund of the County and the General Fund may be reimbursed for such advances out of the proceeds of taxes herein required to be levied.

9. Application of Proceeds. On the date of delivery of the Bonds, the proceeds of the sale of the Bonds shall be used by the County as follows:
 - a. An amount sufficient for the payment of principal of the Refunded Bonds on the Redemption Date and interest thereon (and premium, if any) to such Redemption Date shall be deposited with the escrow agent pursuant to the Escrow Agreement (as defined herein).

- b. Pay costs of issuance of the Series 2024A Bonds.
 - c. Any accrued interest received from the purchaser of the Series 2024A Bonds, or any proceeds of the Series 2024A Bonds not needed for the above-mentioned uses, shall be deposited in the Debt Service Fund, to be used to pay interest on the Series 2024A Bonds.
10. Escrow Agreement. In accordance with Minnesota Statutes, Section 475.67, Subdivision 13, the County will apply the proceeds of the Bonds, and such additional sums as may be necessary, pursuant to an Escrow Agreement (the "Escrow Agreement") between the County and a suitable banking institution. Amounts available under the Escrow Agreement will be sufficient to pay principal, interest, and premium (if any) on the Refunded Bonds to and including the Redemption Date and shall be used exclusively for such purpose. The Escrow Agreement shall be executed by the Chair and the County Administrator (or their designees) in such form as shall be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof. The outstanding maturities of the Refunded Bonds shall be called for prior redemption on the Redemption Date. Notice of such redemption shall be given in accordance with the Escrow Agreement. Taxes levied for payment of Refunded Bonds following their Redemption Date may be cancelled to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.
11. Defeasance. When any Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the holders of such Bonds shall cease, and such Bonds shall no longer be deemed to be outstanding under this Resolution. The County may discharge its obligations with respect to any Bond which is due on any date by depositing with the Paying Agent on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Paying Agent a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The County may also discharge its obligations with respect to any prepayable Bond according to its terms, by depositing with the Paying Agent on or before that date an amount equal to the principal, interest and redemption premium, if any, to become due thereon to maturity or the redemption date, provided that notice of such redemption has been duly given as provided herein. The County may also at any time discharge its obligations with respect to any Bond, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or irrevocable direct obligations of, or obligations fully guaranteed by, the United States of America, which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates and in such amounts as shall be required to pay all principal, interest and redemption premiums to become due thereon to maturity or the redemption date.
12. Tax Covenants. The County shall not take or permit any action that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). The County shall comply with the rebate requirements imposed under Section 148(f) of the Code and regulations thereunder, including (if applicable) the requirement to make periodic calculations of the amount subject to rebate thereunder and the requirement to make all required rebates to the United States with respect to the Bonds. In addition, the County shall make no investment of funds that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Director of Budget and Finance or County Administrator is authorized to make any elections or allocations relating to the Bonds and proceeds thereof which are permitted or required under the Code. All terms used in this paragraph 12 shall have the meanings provided in the Code and applicable Treasury Regulations thereunder.
13. Beneficiaries. The provisions of this Resolution shall be deemed covenants for the benefit of the

registered owners, from time to time, of the Bonds.

14. Other Matters. As authorized by Minnesota Statutes, Section 475.60, this Board hereby delegates to the Director of Budget and Finance authority to approve the final terms of a bid acceptance form or Purchase Agreement (if any), in consultation with PFM and Dorsey & Whitney LLP, as bond counsel to the County ("Bond Counsel"). The Chair, the County Administrator, and the Director of Budget and Finance, and their respective designees are further authorized and directed to take all necessary actions to cause the Bonds to be issued, executed and delivered as provided in this Resolution, and to prepare and furnish to the purchaser and Bond Counsel, certified copies of all proceedings and records relating to the issuance of the Bonds and to the right, power and authority of the County and its officers to issue the same, and said certified copies and certificates shall be deemed to be representations of the County as to all matters stated therein. The Chair, the County Administrator, and the Director of Budget and Finance, and their designees are further authorized to take such other actions as may be required to effectuate the terms and intent of this Resolution. The County Administrator shall furnish a certified copy of this Resolution, together with additional details of the terms of the sale and related tax levies, to the Hennepin County Auditor or Deputy County Auditor, and obtain the certificate required by Minnesota Statutes, Section 475.63.
15. Controller Actions. The Controller is hereby authorized to transfer and disburse funds as necessary to carry out the intent of this Resolution. The Controller is further authorized to adjust the 2024 debt service budget and any other budget to reflect the refunding or defeasing of bonds or as otherwise necessary to carry out the intent of this Resolution.

Background:

This resolution authorizes the competitive sale of approximately \$67,000,000 of tax-exempt general obligation refunding bonds, contingent upon market conditions. The refunding bonds will be structured as fixed rate obligations and have a final maturity date of December 1, 2035. The refunding bonds will be general obligations of the County, payable from ad valorem property taxes.

The refunding bond proceeds will be used to refund on a current basis the outstanding callable maturities of two series of taxable bonds:

- The maturities dated December 1, 2024 - 2029 totaling \$28,390,000 of the County's Taxable General Obligation Bonds (Build America Bonds), Series 2010C (2010C Bonds). These maturities are outstanding at interest rates higher than tax-exempt yields in the current market. These maturities were issued in anticipation of a subsidy (credit), which has not been paid in full since 2012. The 2010C Bonds are subject to redemption prior to their respective maturity dates at any time following their issuance at the option of the County, upon payment of the "Make-Whole Redemption Price" as defined in the 2010C Bonds. Alternatively, the 2010C Bonds are also subject to extraordinary redemption at the option of the County, without premium, upon either a Determination of Ineligibility (as defined in the 2010C Bonds) or a failure by the U.S. Treasury to pay the credit, in whole or in part, due the County as provided in Section 6431 of the Code, as of the date of the issuance of the 2010C Bonds.
- The maturities dated December 1, 2030 - 2035 totaling \$37,375,000 of the County's Taxable General Obligation Bonds (Recovery Zone Economic Development Bonds), Series 2010D (2010D Bonds). These maturities are outstanding at interest rates higher than tax-exempt yields in the current market. These maturities were issued in anticipation of a subsidy (credit), which has not been paid in full since 2012. The 2010D Bonds are subject to redemption prior to their respective maturity dates at any time following their issuance at the option of the County, upon payment of the "Make-Whole Redemption

Price” as defined in the 2010D Bonds. Alternatively, the 2010D Bonds are also subject extraordinary redemption at the option of the County, without premium, upon either a Determination of Ineligibility (as defined in the 2010C Bonds) or a failure by the U.S. Treasury to pay the credit, in whole or in part, due the County as provided in Section 6431 of the Code, as of the date of the issuance of the 2010D Bonds.

The 2010C Bonds and the 2010D Bonds are referred to collectively herein as the 2010 Bonds.

Under the American Recovery and Reinvestment Act of 2009 (the Recovery Act), states and political subdivisions, including the County, were authorized to designate bonds as taxable “Build America Bonds” (BABs) if the bonds were issued to finance capital expenditures for which the issuer could issue tax-exempt bonds. An issuer of BABs could elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds (the “Subsidy Payments”). The 2010C Bonds were issued as BABs in order to finance projects included in the County’s adopted 2010 Capital Improvement Plan.

Under the Recovery Act, the County received an allocation in the amount of \$37,375,000 for the issuance of Recovery Zone Economic Development Bonds (“RZEDBs”), for which the County was to receive a payment from the federal government equal to 45% of the amount of interest payable on each interest payment date. The Series 2010D Bonds were issued as taxable obligations which the County irrevocably elected to designate as qualified RZEDBs for the purpose of constructing the Lowry Avenue Bridge.

Subsequent to the issuance of the 2010 Bonds, the US government could not agree upon a federal budget and shut down for a period of time. Ultimately, a budget agreement was reached in 2012 and a budget tool known as “sequestration” was implemented beginning in Federal Fiscal Year (FFY) 2013. Sequestration refers to automatic spending cuts that occur with the withdrawal of certain (but not all) funding for federal programs. With respect to the subsidy payments the County expected to receive for the 2010 Bonds, sequestration was implemented in FFY 2013 at a rate of 8.7% in 2013, various lower rates through FFY 2020 and is now in place at a rate of 5.7% from FFY 2021-2030. County staff estimates the semiannual interest subsidy payments expected for the 2010 Bonds has been reduced by \$995,024 as a result of sequestration through December 31, 2023. In addition, there have been other issues with the program including (i) unexplained variations in the amounts that have been paid to the County from time to time by the federal government, (ii) subsidy payments were sometimes diverted to pay other tax obligations the federal government believed the County owed, causing staff to have to try and claw back those funds, (iii) the Congress must take an action to pass a waiver every year to ensure that the subsidy payments continue, and, finally, (iv) there were substantial delays in payments during the pandemic. In sum, the County, has only received \$17,092,124 of the \$18,087,148 subsidy it expected to receive through December 31, 2023.

Unlike traditional refunding bond issues pursued by the County, debt service savings is not the primary objective with this proposed transaction. Staff recommends pursuing this refunding in order to mitigate significant future risk that the federal government will continue to not provide the full amount of the interest subsidy over the remaining life of the bonds. Current market conditions are such that it is anticipated that the County can realize some positive net present value savings under either optional redemption scenario. The current estimate of net present value savings is approximately \$500,000 under the make whole redemption and \$635,000 under the extraordinary redemption due to the failure of the U.S. Treasury to pay, with small savings achievable in each year. Staff will only proceed with the transaction if it results in positive net present value savings to the County.

Staff recommends that ratings for these refunding bonds be requested from two rating agencies: S&P Global Ratings and Fitch Ratings. This has been the County’s practice since 2013.

This resolution grants discretion to the Director of Budget and Finance to select the method and date of

redemption, modify the size of the refunding issue and establish the date of sale, which staff will work to make happen as quickly as possible, dependent upon market conditions. The County utilizes the services of PFM Financial Advisors LLC, its independent registered municipal advisor, and Dorsey & Whitney LLP, as bond counsel, to assist in making these determinations.

Recommendation from County Administrator: Recommend Approval

HENNEPIN COUNTY

MINNESOTA

300 South Sixth Street
Minneapolis, MN
55487-0240

Board Action Request

24-0146

Item Description:

Increase the 2024 Local Affordable Housing Aid Fund budget by \$10,000,000; transfer \$10,000,000 to HED; supp app of \$10,000,000 and 8.0 FTEs to 2024 HED budget

Resolution:

BE IT RESOLVED, that the 2024 Local Affordable Housing Aid Fund (Fund 24) revenue and interfund transfer out budget be increased by \$10,000,000; that an interfund revenue transfer in the amount of \$10,000,000 to the General Fund Housing and Economic Development department be authorized; that the 2024 General Fund Housing and Economic Development department interfund revenue transfer in and expenditure budget be increased by \$10,000,000 and 8.0 FTEs for programming of the Local Affordable Housing Aid revenue; and that the Controller be authorized to transfer and disburse funds as directed.

Background:

The 2023 Minnesota Legislature approved historic levels of new state funding for housing. The first is the new 0.25% metro area sales and use tax for housing (Minnesota Session Law 2023, Chapter 37, Article 5). The Metropolitan Council imposed this new tax, effective October 1, 2023. The Department of Revenue will administer the regional sales tax on behalf of the Metropolitan Council, as well as administer the distribution of sales tax funding to eligible entities as Local Affordable Housing Aid.

The second is the Statewide Affordable Housing Aid (Minnesota Session Law 2023, Chapter 64, Article 4, Section 24). The legislature approved an annual appropriation of \$6.8 million under this program for counties, and an additional \$8.5 million for counties in 2024 and 2025. Hennepin County is expected to receive \$1.7 million a year from this state revenue source.

Together, these new dedicated funding sources for local affordable housing aid will generate an estimated \$10 - \$20 million per year for Hennepin County. While state agencies continue to develop required guidelines and regulations for the use of sales tax proceeds, county staff anticipates initial receipts beginning in July 2024.

Resolution 23-0438 (adopted November 28, 2023) affirmed Hennepin County's strategy for Metropolitan Region Sales and Use Tax for housing proceeds (Local Affordable Housing Aid) and Statewide Affordable Housing Aid revenues (collectively "Local Affordable Housing Aid Fund"):

1. Emergency rental assistance - Ongoing eviction prevention program modeled after the COVID-era efforts, providing assistance at Housing Court.
2. Affordable rental housing: repair+grow capacity - Support to repair and build the capacity of affordable housing developers and owners.
3. Supportive housing operating - Capitalizing Supportive Housing projects to deliver the wrap-around services that residents need to be successful in the projects receiving Supportive Housing capital funds.
4. Affordable rental housing: increase production - Deferred financing to create affordable rental housing.
5. Homeownership opportunities and preservation - Affordable homeownership opportunities, and home improvements for climate resilience.

Implementation years	2024	2025	2026	2027	2028
Emergency rental assistance	\$	\$	\$	\$	\$
Affordable rental housing: repair + grow capacity	\$	\$			
Supportive housing operating			\$	\$	\$
Affordable rental housing: increase and accelerate production			\$	\$	\$
Homeownership opportunities			\$	\$	\$
Homeownership preservation			\$	\$	\$

Activity implementation will be subject to competitive selection processes and future board approvals (where appropriate).

Resolution 23-0349R1 (adopted December 12, 2023) created Fund 24 as a Special Revenue Fund for Local Affordable Housing Aid, for the receipt and expenditure of Local Affordable Housing Aid (funded by the metro area sales and use tax for housing revenues) and of Statewide Affordable Housing Aid revenues.

The 2024 budget for Local Affordable Housing Aid includes \$5 million for the Health and Human Services/Housing Stability division. Through February 2024, approximately \$409,000 has been expended on emergency rental assistance.

The Housing and Economic Development (HED) department is preparing to release the “Affordable rental housing: repair+grow capacity” Request for Proposals (RFP) in Summer 2024 (with expenditures before the end of 2024). Funds will help developers and owners further recover from impacts of the pandemic and recession, and grow capacity to sustain and create new affordable housing.

As part of its ongoing preparation for this expanded programming, HED requests a supplemental appropriation of \$10,000,000 and the addition of 8.0 new FTEs to its 2024 budget.

Once normalized, staff projects that housing sales tax receipts and appropriations will assist over 1,200 additional households/units in Hennepin County annually.

	Fund	Department/ Dept. ID/Project #	Account/ Source	Amount	FTE
Revenues	24	Local Affordable Housing Aid Fund	Local Affordable Housing Aid 41924	\$10,000,000	
	24	Local Affordable Housing Aid Fund	Transfer To Other Funds 49994	(\$10,000,000)	
	10	Housing and Economic Development 124003/1010900	Transfer From Other Funds 49994	\$10,000,000	
			Total	\$10,000,000	
Expenditures	10	Housing and Economic Development 121100/124200	Personnel Services 500XX	\$1,000,000	8.0

	10	Housing and Economic Development 124003/1010900	Repair + Grow Services 52903	\$9,000,000	0.0
			Total	\$10,000,000	8.0

Current Request:

Increase the 2024 Local Affordable Housing Aid Fund (Fund 24) revenue and interfund transfer out budget authority by \$10,000,000; transfer interfund revenue of \$10,000,000 to Housing and Economic Development department (Fund 10); increase the 2024 Housing and Economic Development department revenue and expenditure budget by \$10,000,000 and 8.0 new FTEs.

Impact/Outcomes:

Metropolitan Region Sales and Use Tax for housing proceeds and Statewide Affordable Housing Aid revenues are projected to assist over 1,200 households/units in Hennepin County annually once fully available/implemented.

Housing Disparity Domain:

Households of color are disproportionately housing cost burdened at or below 50 percent of area median income. This request helps guide how best to use county programming to reduce disparities by removing barriers.

Recommendation from County Administrator: Recommend Approval

HENNEPIN COUNTY

MINNESOTA

300 South Sixth Street
Minneapolis, MN
55487-0240

Board Action Request

24-0147

Item Description:

Neg Agmt with Little & Company to advance Hennepin County's brand, DOE-05/31/25, NTE \$500,000

Resolution:

BE IT RESOLVED, that the County Administrator be authorized to negotiate an agreement with Little & Company to advance Hennepin County's brand system and bolster brand alignment across a variety of channels and points of service, from the date of execution through May 31, 2025 in an amount not to exceed \$500,000; that following review and approval by the County Attorney's Office, the Chair of the Board be authorized to sign the agreement on behalf of the County; and that the Controller be authorized to disburse funds as directed.

Background:

Through a competitive RFP process, Hennepin County sought and selected an agency partner to advance our organization's brand identity, strategy and guidance. The year-long effort will build on the foundations of the county's 2016 brand update and will align brand experience across program promotion, physical properties and county owned channels.

In partnership with Hennepin County Communications, and in concert with organizational stakeholders, the brand advancement work will revisit and appropriately revise the county's nearly 8-year-old brand guidance. It will update brand positioning and messaging as well as refresh brand identity elements where appropriate including style, font, logo, iconography, illustration and color use. It will direct and develop compelling and consistent brand direction for the future HennepinCounty.gov website and other digital media properties. It will set foundational campaign creative direction including brand promise and design fundamentals that are adaptable to a diverse mix of programs and services. It will make a judicious exploration of evolving the Hennepin County main H logo identity and uncover alignment approaches for Hennepin County and updated Minnesota marks such as the state seal. Lastly, the partnership will support rollout of the updated brand across the organization.

Little & Company was selected for the quality of their proposal, the strength of their expertise, the depth and capacity of their team, their stated approach to their work, and their highly relevant experience in advancing institutional brands for such familiar public entities as the State of Minnesota and the Minnesota Historical Society.

Recommendation from County Administrator: Recommend Approval

Board Action Request

24-0175

Item Description:

Neg Amd 4 to Agmt PR00004865 with Lockridge Grindal Nauen P.L.L.P. Attorneys at Law for legal services, incr NTE by \$50,000

Resolution:

BE IT RESOLVED, that the County Administrator be authorized to negotiate Amendment 4 to Agreement PRR00004865 with Lockridge Grindal Nauen P.L.L.P. Attorneys at Law for the provision of legal services, no change to contract dates, increasing the not to exceed amount by \$50,000 for a new total not to exceed amount of \$550,000, be approved; that following review and approval by the County Attorney's Office, the Chair of the Board be authorized to sign the Amendment on behalf of the county; and that the Controller be authorized to disburse funds as directed.

Background:

On November 2, 2022, a complaint was filed in Hennepin County District Court, alleging several claims against Hennepin County and county officials, in Tamburino v. Freeman, et al., Case No. 27-CV-22-16364. Lockridge Grindal Nauen P.L.L.P. previously provided legal services to the County in a substantially related matter and is well situated to provide legal services to the County in the defense of this new lawsuit. An agreement is currently in place with Lockridge Grindal Nauen P.L.L.P. and County Administration and the County Attorney's Office recommend that the County Board approve this amendment in order to increase the not to exceed amount of the agreement from \$500,000 to \$550,000.

Recommendation from County Administrator: Recommend Approval

Board Action Request

24-0176

Item Description:

Delegate authority for the Hennepin County Attorney to approve and sign outside counsel agreements and amendments for special criminal prosecution within the allocated budget of the Hennepin County Attorney's Office; direct bi-annual reporting to the county board

Resolution:

BE IT RESOLVED, that the Hennepin County Board of Commissioners delegates authority to the Hennepin County Attorney to approve and sign outside counsel agreements and amendments for special criminal prosecution, consistent with the County's policy and procedures for retaining outside legal counsel, within the Board approved and allocated budget for the Hennepin County Attorney's Office and in consultation with the County Administrator and the Chief Financial Officer; and

BE IT FURTHER RESOLVED, that the County Board directs the County Attorney to report to the County Board immediately upon execution of a new agreement or amendment and on a periodic basis for updates on agreements and amendments, but no less than bi-annually, information on all agreements established and expenditures made pursuant to this delegation.

Background:

Recommendation from County Administrator: Recommend Approval

HENNEPIN COUNTY

MINNESOTA

300 South Sixth Street
Minneapolis, MN
55487-0240

Board Action Request

24-0177

Item Description:

County Board oversight of Hennepin Healthcare System, Inc.; establishes meetings - offered by Commissioner Fernando

WHEREAS:

WHEREAS Hennepin Healthcare System, Inc. (HHS), is an integrated system of care that serves as a critically important safety net and teaching hospital for residents of Hennepin County and the State of Minnesota; with a nationally recognized Level I Adult and Pediatric Trauma Center; an acute care hospital; a clinic system; an outpatient Clinic & Specialty Center; an Emergency Medical Services fleet; and more; and

WHEREAS under Minnesota Statutes § 383B.901, HHS is a public corporation, operating as a subsidiary of Hennepin County; and

WHEREAS under Minnesota Statutes § 383B.908, the Hennepin County Board of Commissioners has reserved powers over HHS, including but not limited to specific controls over HHS's mission, finances, and governance; and

WHEREAS the Hennepin County Board is the sole "Governing Member" of the HHS Corporation; and the current HHS bylaws require the HHS leadership to brief the County Board "at least quarterly" (HHS Bylaws Sections 3.1-3.2 and 3.5, full text in Background below); and

WHEREAS on December 12, 2023, the Hennepin County Board adopted two Resolutions, 23-0441 related to the HHS 2024 Financial Plan and 23-0512 related to County Board oversight of HHS, which directed several due diligence actions to the County Administrator, including monthly progress reports to commissioners; and

WHEREAS the County Administrator has accordingly delivered progress reports to commissioners on the following 2024 dates: February 1, March 1, and April 1; and the County Administrator delivered reports and analysis from the County's financial consultant PFM on April 11, which recommended that the County Board receive "a monthly/quarterly report focused on real time drivers of performance [at HHS], with a comparison to prior year and budget" (PFM report, p. 12); and

WHEREAS commissioners are receiving pronounced communications (feedback, concerns, information, questions, and suggestions), from a wide-range of stakeholders regarding a wide-range of topics related to HHS, with particular attention to HHS governance and the County Board's reserved powers; and

WHEREAS the County Board's oversight work remains ongoing, with a goal of HHS maintaining and growing its role as a key provider in the community.

Resolution:

BE IT RESOLVED, that in addition to the previously scheduled briefing on May 2, 2024, the Hennepin County Board of Commissioners establishes additional 2024 dates for HHS briefings of the County Board: May 21 and June 11; and

BE IT FURTHER RESOLVED that the Hennepin County Board of Commissioners directs the County Administrator to present the following topics at the HHS briefing on May 21, 2024, along with any other topics identified by the County Administrator:

- strategies to methodically receive and summarize themes from advocacy communications
- strategies to validate claims from communications, as well as strategies to determine which topics merit further inquiry; and

BE IT FURTHER RESOLVED that the Hennepin County Board of Commissioners directs the County Administrator to present the following topics at the HHS Quarterly meeting on June 11, 2024, along with any other topics identified by the County Administrator:

- updates from work directed for the May 21 briefings, such as information on the dataset, themes, and plans for topics that merit further inquiry
- options for community engagement methods to be implemented in 2024, as appropriate for residents and other stakeholders to have various methods to share their perspectives
- overview of Hennepin County's current advisory boards, community boards, or task forces related to health outcomes, as well as composition of membership (including demographic data if available); and

BE IT FURTHER RESOLVED that the Hennepin County Board of Commissioners directs the County Administrator to deliver a report by July 1, 2024, which meets the following objectives:

- collect Resolutions, reports, and other relevant materials related to governance, public discourse, deliberations, and establishment of HHS
- summarize and analyze the information; and

BE IT FURTHER RESOLVED that the Hennepin County Administrator is authorized to identify and engage consultant(s) or research partner(s), as needed in order to give effect to the above resolving clauses.

Background:

Key Q2 2024 meeting dates (*proposed meetings in italics*):

- Wednesday April 24 - HHS Board
- Tuesday April 30 - County Board
- Thursday May 2 - HHS Quarterly
- Tuesday May 7 - County Committees
- Tuesday May 14 - County Board
- Tuesday May 21 - County Committees (*and proposed HHS briefing*)
- Tuesday June 4 - County Board
- Tuesday June 11 - County Committees (*and proposed HHS briefing*)
- Tuesday June 25 - County Board
- Wednesday June 26 - HHS Board

Full text from referenced HHS Bylaws:

Section 3.1 Member. The Corporation shall have one (1) class of members: a Governing Member (as defined in **Section 3.2**).

Section 3.2 Governing Member. The Governing Member of the Corporation is the County of Hennepin, Minnesota (the "County"), as represented by the Hennepin County Board of Commissioners (collectively, the "County Board" and individually, "Commissioner(s)"). The County has all the rights, duties and privileges as to all matters specified under the Act and these Bylaws. The Board of Directors of the Corporation shall be empowered to carry out rights, duties and privileges of the Corporation to the extent specified in **Sections 4.1** and **4.2** of these Bylaws, and subject to the Reserved Powers of the County specified herein.

Section 3.5 Meetings. At least quarterly, the Chair of the Board of Directors or the Chief Executive Officer or their designee shall brief the County Board on matters concerning the Corporation. Notice of the meeting shall be provided according to the procedures established by the County Board.

Background from Dec 12, 2024 Board Action:

Hennepin Healthcare System, Inc. (HHS), is a public corporation and a subsidiary of the County, which operates the Hennepin County Medical Center (HCMC) and related clinic system. Pursuant to Minnesota law, the County Board has significant reserved powers over HHS - in particular, the authority to approve the HHS budget, to approve the appointment of HHS board members, and to appoint two county commissioners to the HHS board. The County Board also has the statutory authority to resume management of the HCMC upon a two-thirds vote of the County Board, for example by dissolving the corporation, reorganizing the corporation, or removing the entire HHS board. In light of recent concerns and issues regarding the financial condition of HHS; the recruitment, retention and wellness of the HHS workforce; and challenging trends in the health care industry; this board action proposes several concrete steps to enhance and strengthen the County Board's oversight and control of HHS, in an effort to assess, promote, and manage the long-term financial vitality and effectiveness of HCMC.

As additional historical reference, prior to 2005, HCMC was an operating department of Hennepin County. In this model, the hospital system was directly operated by the Hennepin County Board. Over time, this structure created some unique competitive disadvantages for HCMC, compared to other local health care providers. As a result, around 2002, the County Board developed a strategic plan for HCMC and began to evaluate the hospital governance model. In April 2003 (Resolution 03-4-132R1), the County Board voted to create a fourteen-member HCMC Governance Task Force (Task Force) to evaluate whether a different governance structure could maximize HCMC's operations and preserve its long-term financial viability while still maintaining its public mission. The Task Force recommended that Hennepin County create a not-for-profit corporation, accelerate capital expenditures, and enter into a formula-based payment arrangement with Hennepin County for uncompensated and undercompensated care.

In June 2004 (Resolution 04-6-293R2), the County Board voted to create a smaller five-member HCMC Governance Transition Committee (Transition Committee) to further explore the Task Force's recommendations and to provide specific information that would allow the County Board to define, develop, and pursue enabling legislation from the Minnesota Legislature for creation of a new public subsidiary corporation. The Transition Committee recommended that the County ask the Legislature to create a public benefit corporation, Hennepin Healthcare System, Inc., to operate the hospital as a subsidiary of the County, in order to create flexibility while maintaining public accountability. The Transition Committee also recommended that the new entity (HHS) would have a board with special expertise whose sole purpose would be to provide strategic and managerial oversight to the hospital.

In December of 2004 (Resolution 04-12-680 R1), the County Board voted to adopt the report of the Transition Committee, and to authorize county staff to seek legislation to implement the findings of the Transition Committee. In 2005, the Legislature enacted enabling legislation to create HHS as a public corporation and subsidiary of Hennepin County. See 2005 Minn. Laws, ch. 125 (H.F. No. 2187) (enacting Minn. Stat. §§ 383B.901-.928). Effective January 1, 2007, the County exercised its powers to create HHS and to grant it the authority to operate the hospital and deliver health care services.

Over the past 15 years, the County Board has maintained its critical oversight role over HHS, with two county commissioners serving on the HHS Board, and with the County Board exercising its reserved powers to approve the HHS budget, the HHS Board appointees, and more. This board action proposes several steps to enhance and strengthen the County Board's oversight and control, to preserve HHS as a critical resource for the residents of Hennepin County and the State of Minnesota.

Recommendation from County Administrator: Recommend Approval