

Funding options explored for Heritage purchase

Written by Wauneta Breeze

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By Tina Kitt

The Wauneta Breeze

Some unanticipated twists have arisen in securing funding for the possible purchase of Heritage of Wauneta.

During last week's Village Board meeting an in depth discussion was held on pros and cons of moving forward with plans to apply for USDA Rural Economic Development Loan & Grant (REDL&G) funding in order to move forward with efforts to keep the Wauneta nursing home in operation.

Village Board member Page Johnston explained that as they have moved further along with the process they learned that a general obligation bond will likely be required, as per legal counsel of the participating utility company, instead of a revenue bond as was anticipated.

Johnston said he thinks it will be difficult to meet the requirements of a general obligation bond within the time constraints needed to transition ownership of Heritage by this summer which is when Heritage owners Vetter Health Services had said they plan to cease operations here. A vote of Wauneta residents would be required to enter the village into a general obligation bond, which board members noted would be difficult to do in a timely manner.

The cost of the Village taking ownership of Heritage and making needed upgrades is estimated at \$800,000.

Of that amount, board members noted the Village would be comfortable in providing 20 percent

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of those funds and securing other needed funds if they can be certain the facility's assets and revenue would suffice in securing a revenue bond. Board members present last week added that they would be hesitant to put the Village in a position of being obliged to levy taxes or sell assets in order to repay the REDL&G funding as would be the case with a general obligation bond.

Community volunteers working to keep Heritage in operation are holding out hope the situation can be resolved allowing the REDL&G funding to be secured as a facility revenue bond instead of a general obligation bond which is typically utilized for more intensive projects like new school construction. If the REDL&G funding proves unviable as an option, Village Board members want to have other options in place. "We're looking at all the 'what-ifs' as we proceed," said Johnston.

Among the possibilities in garnering the needed \$800,000 is accessing \$150,000 held in reserves by the Village, seeking \$150,000 in donations from community members and selling revenue bonds of \$500,000. Revenue bonds were successfully sold by the Village to fund a 1994 water project with money generated through the municipal utilities department still helping pay off that debt.

Ideally, noted Johnston, the bonds would be sold to five different investor-entities, limiting the exposure to risk for each. The revenue bond sales would be proposed to local investors who already risk a degree of loss to their businesses if Heritage closes.

One drawback in going this route is the funding would no longer be interest-free, which was a major advantage of qualifying for USDA funds.

The timeline for pursuing the sale of revenue bonds is much shorter than pursuing voter approval for a general obligation bond, but board members agreed they want all five board members present for the discussion and motion to pursue a revenue bond. Village Board Chair Lloyd Sinner and board member Lynn Brunkhorst were unable to attend last week's regular Village Board meeting.

Board members said a special Village Board meeting may be needed in the coming weeks, along with a public information meeting to address the matter.

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