



## **REQUEST FOR ACTION**

### **Issuance of General Obligation Revenue Bonds Pursuant through Conduit Financing on Behalf of Mayo Clinic**

**MEETING DATE:**

**March 16, 2026**

**ORIGINATING DEPT:**

**Finance Department**

**AGENDA SECTION:**

**Public Hearings**

**PRESENTER:**

**Brian Anderson**

### **Action Requested:**

Adopting a Resolution for Issuance of General Obligation Revenue Bonds Pursuant to Conduit Financing on Behalf of Mayo Clinic in the amount of \$750,000,000 for a Mayo Clinic project consisting of renovations and upgrades to various facilities as allowed under Minnesota Statutes, Sections 469.152 - 469.165.

### **Report Narrative:**

The purpose of the public hearing is to consider adopting a resolution for issuance of general obligation revenue bonds pursuant to conduit financing on behalf of Mayo Clinic in the amount of \$750,000,000. Attached is a memo for our bond counsel that discusses conduit financing, the benefits to the bond recipient, and the minimal risks that accrue to the City.

The amount being requested is an approximate aggregate principal amount of up to \$750,000,000 through an assistance process known as conduit financing as allowed under Minnesota Statutes, Sections 469.152 - 469.165. The project is related to the Bold Forward Unbound initiative that the Mayo Clinic has been working on with the City. The Mayo Clinic submitted its application to the City on February 24, 2026, which has been reviewed by City staff and its legal bond counsel. As per the City's Conduit Debt Policy, the Mayo Clinic has requested the public hearing be set for March 16, 2026. This is the final action the Common Council is being asked to consider on this particular financing issuance and no further requests will come forward at this time.

The requested conduit financing would be used towards project costs including demolition, construction, improvement and equipping of the Corporation's facilities in the City, including near and around 200 First Street SW, Saint Mary's modernization and growth located at the 1200 to 1400 block of 2nd Street SW, Rochester, MN and other capital projects involving renovations, acquisitions of equipment and construction at the Corporation facilities in the City including Mayo Clinic buildings at or near 200 First Street SW; Rochester Methodist Hospital at 201 West Center Street, and St. Mary's Hospital located at the 1200 to 1400 block of 2nd Street SW; and (ii) payment of costs of issuance of the bonds.

The City has routinely assisted the Mayo Clinic with conduit financing in the past including 12 times going back to the year 2000 in amounts ranging from \$50M to \$500M. The bonds shall be limited obligations of the City, and the bonds and interest thereon shall be payable solely from the revenue pledged to the payment thereof. No holder of any such bonds shall ever have the right to compel any exercise of the taxing power of the City to pay the bonds or the interest thereon, nor to enforce payment against any property of the City except the property pledged to the payment thereof. Before issuing the

bonds, the City will enter into an agreement with the Corporation, whereby the Corporation will be obligated to make payments at least sufficient at all times pay the principal of and interest on the bonds when due.

Over the coming weeks, the City and City's legal bond counsel will continue to work with the Mayo Clinic finalizing the details and cleaning up the documents of the conduit debt as proposed before the Common Council for their approval. Please find the attached documents in this RCA:

- Resolution - Bond Issuance Mayo Clinic 2026
- Exhibit - Bond Counsel Memorandum Re: Rochester Mayo Clinic 2026 Conduit Bonds
- Agreement - Bond Purchase Agreement - Fixed Rate Tax-Exempt Series 2026AB
- Supplement - Twenty-Ninth Supplemental Trust Indenture
- Agreement - Amended and Restated Loan Agreement

### **Priorities & Foundational Principles:**

Fiscal Responsibility & Sustainability  
Quality Services

### **Policy Considerations & DEI Impact:**

Assisting with conduit financing aligns with the Strategic Priority of Quality Services which allows the City to assist a community organization by capitalizing on a financial opportunity. Further, this financing aligns with the Common Council's foundational principle of social equity by assisting with a means for accessible, affordable healthcare to a broader cross-section of patients in the City's growing and changing demographic.

### **Prior Legislative Actions & Community Engagement:**

March 17, 2025: Council approved a resolution for conduit financing on behalf of the Mayo Clinic in the amount of \$500,000,000.

February 19, 2025: Council approved to set the public hearing for March 17, 2025 for issuance in the amount of \$500,000,000.

March 7, 2022: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$288,545,000.

April 20, 2020: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$130,000,000.

August 20, 2018: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$220,000,000.

March 14, 2016: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$220,000,000.

September 7: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$200,000,000.

March 17, 2014: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$120,000,000.

February 22, 2012: Council approved conduit financing on behalf of the Mayo Clinic in the amount of \$200,000,000.

From 2011-2000, the Council approved conduit financing on behalf of the Mayo Clinic in the total amount of \$1,180,000,000.

### **Fiscal & Resource Impact:**

This action will have no financial impact directly on the City of Rochester and will provide the Mayo Clinic with more favorable interest rates. The City is not liable for the financing and will not be obligated to cover any defaults. In addition, the City will receive a fee for facilitating this conduit financing and all our direct costs are covered.

### **Alternative Action(s):**

No alternative actions are suggested at this time.

**Prepared By:**

Brian Anderson

**Attachments:**

[Exhibit - Bond Counsel Memorandum Re: Rochester Mayo Clinic 2026 Conduit Bonds](#)

[Agreement - Bond Purchase Agreement - Fixed Rate Tax-Exempt Series 2026AB](#)

[Supplement - Twenty-Ninth Supplemental Trust Indenture](#)

[Agreement - Amended and Restated Loan Agreement](#)

[Resolution - Bond Issuance Mayo Clinic 2026](#)