



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: September 10, 2013

To: Council Member Lisa Goodman, Community Development Committee

Subject: Request for Approval Authorizing the Execution of Documents Related to Amendments to the Series 2008C, 2008D and 2008E Fairview Health Services Bonds.

Recommendation: The CPED Director recommends that the City Council adopt the attached Resolution authorizing the execution of various documents to amend the Series 2008C, 2008D and 2008E Fairview Health Services Bonds.

Previous Directives: Fairview Health Services has made use of tax-exempt revenue bonds in the past for several projects. The issuance of up to \$850 million in 501(c)(3) tax-exempt revenue bonds was approved by the City Council on April 4, 2008, Resolution 2008R-110. On September 24, 2010, the City Council, by Resolution 2010R-432, authorized the amendment of the Series 2008 C-D-E Bond Indentures and Loan Agreements to allow the direct placement of the bonds with Wells Fargo and RBC Capital Markets.

Prepared by: Charles Curtis, CPED, Business Development	Phone: 612-673-5069
Approved by: Charles T. Lutz, Deputy Director CPED	_____
Catherine A. Polasky, Director, Economic Development	_____
Presenters in Committee: Charles Curtis	

Reviews

- Permanent Review Committee (PRC): Approval N.A.

Financial Impact

- Other financial impact: The issuance of revenue bonds for Fairview Health Services generates revenue bond administrative fees of approximately \$150,000 a year, that are used to support the small business assistance programs of the City of Minneapolis.

Community Impact

- Neighborhood Notification: The West Bank Community Coalition has been notified of the proposed amendments.
- City Goals: Jobs and economic vitality: A City that works.
- Sustainability Targets: N.A.
- Comprehensive Plan: The project continues to be in compliance with the policies of the Minneapolis Plan.
- Zoning Code: Project is in compliance.
- Living Wage/Business Subsidy Agreement Yes _____ No X All conduit revenue bonds allocated under State Statute 474A, refunding bonds and 501(c)(3) bonds are exempt from the State Act. City bond financing is not subject to the City's local ordinance if the intent of the bond financing is not to create jobs.
- Job Linkage Yes X No _____ Fairview Health Services did execute a job linkage agreement with CPED.

Supporting Information

Project Location & Description:

In April 2008, the City of Minneapolis issued Health Care System Variable Rate Demand Bonds for Fairview Health Services. The City Council approved authorization to issue up to \$850 million in 501(c)(3) tax-exempt revenue bonds. The original bond issue was for \$850 million and was marketed as a Letter of Credit secured, variable rate bond. Each of the Series of Bonds were issued under a separate Trust Indenture, and the Bonds were secured by direct pay letters of credit issued by Wells Fargo Bank. The 2010 Bond Amendments allowed the Series 2008C, 2008D and Series 2008E Bonds, totaling approximately \$222,500,000 to be sold directly to Wells Fargo and RBC Capital Markets and the Letters of Credit to be terminated. Under the 2010 amendment, the Bonds are subject to a mandatory tender by the Bondholders on October 1, 2013. The current request to amend the Bond Indentures and Loan Agreements will allow the setting of new interest rates and tender dates. The interest rates on the Bonds will be variable set by a spread of a LIBOR or SIFMA index. The bonds will continue to be held by Wells Fargo and RBC Capital Markets.

Type of Financing:

Proceeds from the Fairview Series 2008 Bonds in the amount of \$850 million were used to construct a replacement children's hospital on the parking space at 25th Avenue South and Riverside Avenue, and to refund outstanding Series 1997A, Series 2004A, Series 2005A, 2005B and 2005C Bonds.

CO-BOND COUNSEL:

Dorsey & Whitney

Kennedy and Graven, Chartered

PARTICIPATING BANKS:

Wells Fargo Bank

RBC Capital Markets

RESOLUTIONS RELATING TO AMENDMENT OF
TERMS OF HEALTH CARE SYSTEM VARIABLE RATE DEMAND REVENUE BONDS,
SERIES 2008C, SERIES 2008D AND SERIES 2008E
(FAIRVIEW HEALTH SERVICES)

WHEREAS, pursuant to Minnesota Statutes, Section 469.152 through 469.165, as amended, the City of Minneapolis (the "City") has previously issued on behalf of Fairview Health Services, a Minnesota nonprofit corporation (the "Corporation"), its Health Care System Variable Rate Demand Revenue Bonds, Series 2008C, Series 2008D and Series 2008E (Fairview Health Services) (the "Bonds"), to finance health care facilities of the Corporation

WHEREAS, each series of the Bonds has been issued pursuant to the terms of a separate Amended and Restated Trust Indenture between the City and Wells Fargo Bank, National Association, as trustee, dated as of October 1, 2010 (together, the "Bond Indentures").

WHEREAS, the City loaned the proceeds of each of the series of the Bonds to the Corporation pursuant to a separate Amended and Restated Loan Agreement between the City and the Corporation dated as of October 1, 2010 (together, the "Loan Agreements").

WHEREAS, all of the Bonds presently bear interest at an Index Interest Rate, as such term is defined in the Bond Indentures, which terminates on October 1, 2013, and on such date all of the Bonds are subject to mandatory tender by the Bondholders for purchase by the Corporation under the terms of Bond Indentures (the "Mandatory Purchase Date").

WHEREAS, the Corporation has advised the City that in order to provide for the remarketing of the Bonds by the Corporation on the Mandatory Purchase Date, it will be necessary to amend the Bond Indentures and Loan Agreements to implement modifications and amendments to the terms of the Bonds and the Bond Indentures and the Loan Agreements, and the Corporation has requested that the City enter into an amendment to each of the Bond Indentures (the "Bond Indentures Amendment") and an amendment to each of the Loan Agreements (the "Loan Agreements Amendment") for these purposes.

NOW THEREFORE, BE IT RESOLVED that the City hereby consents to the amendment of the terms of the Bonds in connection with the remarketing of the Bonds on the Mandatory Purchase Date, and subject to the approval of the forms thereof by City Attorney's Office and the City Finance Department, the Bond Indentures Amendment and the Loan Agreements Amendment are directed to be executed in the name and on behalf of the City by the City Finance Officer. Any other City documents and certificates necessary in connection with the amendment of the terms of the Bonds and execution of the Bond Indentures Amendment and Loan Agreements Amendment shall be executed by the appropriate City officers. The execution of any of the Bond Indentures Amendment, the Loan Agreements Amendment or any other document or instrument by the City Finance Officer or by the appropriate officer or officer of the City shall be conclusive evidence of the approval of such document in accordance with the terms hereof.

FURTHER RESOLVED, the Mayor, the City Clerk, the City Finance Officer and all other officers of the City are hereby authorized and directed to execute and deliver all other documents which may be required under the terms of the Bond Indentures Amendment or the

Loan Agreements Amendment, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

FURTHER RESOLVED, in the absence or disability of the Mayor, the City Clerk, the City Finance Officer or any other officer of the City named in any instrument to be executed on behalf of the City in connection with the amendment of the terms of the Bonds, the acting Mayor, Assistant City Clerk, Acting City Finance Officer or other officer may execute such instrument.

EFFECTIVE DATE. This resolution shall take effect and be in force from and after its approval and publication. Pursuant to Chapter 4, Section 9, of the Charter of the City, only the title of this resolution and a summary of this resolution conforming to Minnesota Statutes, Section 331A.01, subdivision 10, shall be published in the official paper of the City.