

Request for Committee Action

To: Community Development & Regulatory Services
Date: 8/25/2015
From: Community Planning & Economic Development
Prepared by: Charles Curtis
Presented by: Charles Curtis
File type: Resolution
Subcategory: Bond

Subject:

Preliminary and Final Approval of up to \$30,000,000 in 501(c)(3) Tax-exempt Refunding Revenue Bonds for the National Marrow Donor Program Project

Description:

Adopting the attached resolution giving Preliminary and Final Approval to the issuance of up to \$30,000,000 of 501 (c)(3) Tax-exempt Refunding Revenue Bonds for the National Marrow Donor Program Project.

Previous Actions:

On May 28, 2010, the City Council approved up to \$80,000,000 in 501 (c)(3) Tax-exempt and Taxable Revenue Bonds for the National Marrow Donor Program to finance the cost of transplant systems, including computer hardware, software licensing and development and related maintenance and professional services. The final bond amount settled at \$67,640,000.

Ward/Neighborhood/Address:

Ward 1
Como
3001 Broadway Street N.E.

Background/Analysis:

The National Marrow Donor Program, a national non-profit organization located in Minneapolis at 3001 Broadway Street N.E., requests that the City issue up to \$30 million of 501 (c)(3) Healthcare Tax-exempt Refunding Revenue Bonds to refund the City of Minneapolis Series 2010 Revenue Bonds.

The mission of the National Marrow Donor Program is to create the opportunity for all patients to receive a hematopoietic cell transplant when they need it. Operations began in 1987 and they are facilitating more than 6000 transplants a year.

The City of Minneapolis Series 2010 Revenue Bonds were used to finance the cost of transplant support systems, including: computer hardware and software licensing and development and related maintenance and professional services, training, and the costs of issuance. The purpose of the purchases was to more effectively serve the organization's mission and expand the level of services and transplants.

The refunding of the City Series 2010 Revenue Bonds will result in an economic gain which will be utilized to further invest in serving the organization's mission and reaching the goals of expanding the level of services and transplants.

Type of Financing: The proposed 501 (c)(3) Tax-exempt Refunding Revenue Bonds would be a direct purchase through U.S. Bank. The term of the bonds is proposed to be five years with an estimated average interest rate of approximately 1.7%.

Present Employment: 940 Full-time employees

136 residents of the City of Minneapolis

Due to the technical requirements of these positions, the average employee salary, with benefits, is \$89,000.

New Employment: Refunding Only

Assessor's Estimate Annual Tax Increase: Non-profit organization. As a tenant in their current location at 3001 Broadway Street N.E., real estate taxes are paid through their lease agreement.

Affirmative Action Compliance: The existing Affirmative Action Plan will be updated prior to a closing on the bonds.

City IRB Policies:

Job Component	Minimum standard of one (1) job per 1,000 square feet of building area. National Marrow Donor Program - NA
Property Improvements	For private activity IRBs consisting of industrial/manufacturing projects, no more than 25% of the bond proceeds may be used for land and acquisition. If purchasing an existing building, an amount equal to at least 15% of the acquisition cost must be spent on rehabilitation expenditures. This IRB policy does not apply to nonprofit organizations issuing 501(c)(3) tax-exempt revenue bonds. National Marrow Donor Program – 501(c)(3) non-profit organization
Development Standards	Compliance with the Land Use Plan of the City's Comprehensive Plan. National Marrow Donor Program – Refunding only of equipment.
Equipment Financing	Limited to companies that create or preserve a significant number of jobs, and the equipment financed must be sufficiently secured. No more than 10% of the bond proceeds may be used to finance movable equipment not constituting a fixture.

Restaurant/Bank	National Marrow Donor Program – NA A 501(c)(3) non-profit organization. IRB financing is allowed for a restaurant or a bank if it is built or rehabilitated in a CPED Redevelopment Area. No more than 25% of the bond proceeds can be used to finance retail food and beverage establishments, automobile dealerships or recreation or entertainment facilities.
Tax-exempt Institution	National Marrow Donor Program - NA Refinancing is permitted when new jobs are created or when a significant number of jobs are preserved; any interest cost savings must directly reduce patient costs. National Marrow Donor Program – the propose refunding will help preserve jobs in the City.
IRB Cap:	The project is not subject to the volume cap, in that the project is exempt from income tax under Internal Revenue Code Section 501(c)(3) for its exempt purposes and is classified thereunder as a non-profit organization.
Bond Counsel:	McGrann Shea Carnival Straughn & Lamb Chartered
Underwriter:	Direct placement with U.S. Bank

Financial Review:

Select financial statement.

Future budget impact anticipated.

Approved by the Permanent Review Committee. – Not Applicable

Meets Small and Underutilized Business Program goals. – Not Applicable

Attachments: Preliminary and Final Approval Resolution