

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 10/11/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Becky Shaw
Presented by: Becky Shaw
File Type: Resolution
Subcategory: Bond

Subject:

Amending Fairview Health Services Bonds.

Description:

Passage of Resolution authorizing execution of amendments to revenue bond documents for Fairview Health Services Series 2008 project.

Previous Actions:

Fairview Health Services made use of tax-exempt revenue bonds many times in the past. The most recent issuance of \$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 and September 20, 2013 the City Council authorized amendments to Series 2008 bond documents.

Ward/Address:

Multiple Locations

Background/Analysis:

In April 2008, the City of Minneapolis issued \$850 million in 501(c)(3) tax-exempt revenue bonds for Fairview Health Services. The bonds were used to construct a new children's hospital and to refund outstanding Health Care Systems Series 1997A, 2004A, 2005A, 2005B, and 2005C bonds. The original bond issue 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.

In 2010 Fairview made amendments to the bonds that allowed the Series 2008C, 2008D and 2008E bonds, totaling \$222,500,000, to be sold to RBC Capital Markets and Wells Fargo NA and terminated the Letters of Credit. In 2013, another bond amendment allowed the setting of new interest rates and tender dates. The bonds were set at a variable rate and continued to be held by RBC Capital Markets and Wells Fargo NA.

Those agreements are once again up for either extension or expiration on October 31, 2016. At this time, Fairview would like to extend the current direct placement options already in place. The attached resolution authorizes the City to execute bond documents associated with the extension of direct placement for outstanding Series 2008C, 2008D and 2008E Bonds.

Financial Review:

No financial impact.

Attachments:

1. Resolution