



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: October 26, 2004

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Bob Lind, Manager, Business Finance, 612-673-5068
Presenter in Committee: Bob Lind

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Authorizing the Execution of Necessary Documents Related to a Request to Secure Outstanding Bonds Under a Master Trust Indenture for the \$6,840,000 Refunding Tax-exempt Revenue Bonds Issued in 1998 for the Evangelical Lutheran Good Samaritan Society Project.

RECOMMENDATION: The CPED Director recommends that the City Council adopt the attached Resolution, authorizing the execution of all necessary documents related to the request to secure outstanding bonds under a master trust indenture for the \$6,840,000 refunding bonds issued in 1998 for the Evangelical Lutheran Good Samaritan Society Project.

Previous Directives: On April 24, 1998, the City Council adopted Resolution 98R-116 authorizing the issuance of tax-exempt refunding revenue bonds for the Evangelical Lutheran Good Samaritan Society Project. The original project was financed with revenue bonds back in 1990 and consisted of the purchase of the existing nursing home at 22 27th Avenue S.E. in the 2nd Ward. In 1998, the original 1990 bonds were refunded to take advantage of lower interest rates.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: The Good Samaritan Nursing Home is located at 22 27th Ave. S.E. in the 2nd Ward.

Neighborhood Notification: N.A.; only amending documents, no new project.

City Goals: The original project back in 1990 met the City goal of preserving a mix of health care options and housing for its residents and continues to do the same today in providing a nursing home facility that offers housing for Alzheimer patients, disabled young adults and transitional care beds.

Comprehensive Plan: The facility is consistent with the City's Comprehensive Plan.

Zoning Code: N.A.

Living Wage/Job Linkage: N.A.

Background/Supporting Information

PROJECT LOCATION & DESCRIPTION:

In 1990, the City issued revenue bond financing for the purchase and renovations of an existing nursing home located at 22 27th Ave. S.E. in Minneapolis. The Good Neighbor Nursing Home as it was then called, was operated by the Evangelical Lutheran Good Samaritan Society. The 368-bed nursing home included a number of specialty care areas for Alzheimer patients, disabled young adults and beds for transitional care. In 1998 the outstanding bonds were refunded to take advantage of lower interest rate to reduce debt service.

At this time, the Evangelical Lutheran Good Samaritan Society has informed the City that they have entered into a Master Trust Indenture for all their outstanding debt across the country. The use of a Master Trust Indenture is a common practice that permits all bonds issued under it to benefit from uniform covenants and common corporate guarantees. The various parties to the 1998 transaction are all being asked to consent to the Master Trust Indenture and to execute the necessary amendments to the existing documents. The underwriter-Dougherty & Company has provided a certificate that the amendments to the documents will not impact the credit quality of the bonds, and the bond counsel-Kutak Rock is giving an opinion that the tax-exempt status of the bonds won't be impaired.

It is staff's recommendation to consent to the necessary changes to the revenue bond documents to permit a Master Trust Indenture. In order to authorize these changes, there will be a number of amendments to existing documents that will need to be executed by the City Finance Officer.

<u>IRB CAP:</u>	The amending of revenue bond documents for a prior bond issue does not require an allocation from the State's volume cap in that refundings and amending of documents are exempt from the volume cap requirement.
<u>BOND COUNSEL:</u>	Kutak Rock
<u>TRUSTEE:</u>	Wells Fargo Bank
<u>UNDERWRITER:</u>	Dougherty & Company, LLC

Good Samaritan Society Council Report

CONSENTING TO THE AMENDMENT OF DOCUMENTS NECESSARY TO SECURE THE \$6,840,000 CITY OF MINNEAPOLIS, MINNESOTA HEALTH FACILITIES REFUNDING REVENUE BONDS (THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY PROJECT) SERIES 1998 UNDER A MASTER TRUST INDENTURE

WHEREAS, the City of Minneapolis, Minnesota (the "Issuer") has previously issued its \$6,840,000 Health Facilities Refunding Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project) Series 1998 (the "Bonds") on behalf of The Evangelical Lutheran Good Samaritan Society (the "Society") pursuant to an Indenture of Trust dated as of May 1, 1998 by and between the Issuer and Wells Fargo Bank, National Association as trustee (the "Bond Trustee");

WHEREAS, the Society wishes to secure the Bonds under its Master Trust Indenture (the "Master Indenture") dated August 1, 2004 and executed by and among the Society, The Evangelical Lutheran Good Samaritan Foundation (the "Foundation") and Wells Fargo Bank, National Association (the "Master Trustee") and, to that end, the Society and the Master Trustee will enter into a Eleventh Supplement to Master Trust Indenture;

WHEREAS, the Indenture of Trust for the Bonds authorizes the Issuer and the Bond Trustee for the Bonds to enter into supplemental indentures of trust and other amending documents, provided that such amendments are not materially prejudicial or adverse to the holders of such Bonds;

WHEREAS, the Bond Trustee has concluded that the amendments proposed to be made to the documents executed in connection with the Bonds, to secure the Bonds under the Master Indenture, are not materially prejudicial or adverse to the holders of the Bonds.

NOW, THEREFORE the Issuer hereby resolves that the Issuer shall take all action necessary or reasonably required to secure the Bonds under the Master Indenture and, to that end, the Finance Officer is hereby authorized to execute and deliver amendments to the Indenture of Trust and Loan Agreement for the Bonds, and such other documents as are reasonably required to secure the Bonds under the Master Indenture. The execution of any such documents shall constitute conclusive evidence of the approval by the Issuer of such documents.