

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

Date: October 6, 2009

To: Council Member Lisa Goodman, Community Development Committee

**Subject:** Request for Approval Authorizing the Execution of Documents Related to Amendments to the Series 2008 Bonds for Fairview Health Services.

**Recommendation:** The CPED Director recommends that the City Council adopt the attached Resolution authorizing the execution of various documents to amend the Series 2008 Bonds issued for Fairview Health Services.

**Previous Directives:** Fairview Health Services has made use of tax-exempt 501 (c)(3) revenue bonds for many capital projects over the years. The issuance of \$744,740,000 in Series 2008 A-E Bonds in late 2008 were used to refund various outstanding bond debt and to finance the construction of a replacement children's hospital along Riverside Avenue.

Prepared by: Bob Lind, CPED Business Finance
Approved by: Charles T. Lutz, Deputy Director CPED _____
Catherine A. Polasky, Director, Economic Development _____
Presenters in Committee: Bob Lind

### Reviews

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

### Financial Impact

- Other financial impact: The issuance of revenue bonds in 2008 for Fairview are generating revenue bond administrative fees of approximately \$180,000 a year that are used to support the small business assistance programs of the City of Minneapolis.

### Community Impact

- Neighborhood Notification: At the time of the bond issuance in 2008 the Cedar-Riverside West Bank and Seward Neighborhoods were notified of the bond project.
- City Goals: The project was consistent with the City Goal of preserving and enhancing the urban institutes and amenities that define Minneapolis.
- 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 currently has a job linkage agreement with CPED.

### **Supporting Information**

#### **Project Location & Description:**

Fairview Health Services has requested an approval from the City of Minneapolis of an amendment to documents related to its Series 2008 Bonds. As part of the December 31, 2008 merger of Wells Fargo & Company and Wachovia Corporation, the Public Finance business of Wells Fargo Brokerage Services will be consolidated with the Public Finance business of Wachovia Bank, on or about November 6, 2009. As part of this consolidation, legal counsel has been reviewing a number of outstanding agreements for revenue bonds issued by the City of Minneapolis. It has been determined that the Indenture of Trust between the City and Wells Fargo Bank will need to be amended to reflect the merger of Wells Fargo and Wachovia as to role and assignment of the remarketing agent for the variable rate bonds. The attached resolution authorizes the execution of the necessary amendments to the bond documents to handle the issues raised by the merger of Wells Fargo Bank and Wachovia Bank. Similar actions are being requested from other cities throughout the service areas of Wells Fargo and Wachovia. There may be additional requests made to the City of Minneapolis by other outstanding revenue bond projects and CPED staff will handle as appropriate.

#### **Type of Financing:**

Proceeds from the \$744,740,000 in Series 2008 Bonds were used to refund the outstanding balances on the Series 2004A and 2004B Bonds, and Series 2005A, 2005B and 2005C Bonds; plus a new money portion of about \$220 million used to finance the construction of a replacement Children's Hospital at Fairview Medical Center on the then existing parking space at 25<sup>th</sup> Avenue South and Riverside Avenue. Construction started on the replacement children's hospital in June, 2008 and is expected to be completed in late 2010.

**Bond Counsel:** Dorsey & Whitney

**Underwriters:** RBC Capital Markets

Wells Fargo Brokerage Services

Dougherty & Company

Citigroup Global Markets

RESOLUTIONS RELATING TO AMENDMENT OF  
TRUST INDENTURES FOR THE HEALTH CARE SYSTEM  
VARIABLE RATE DEMAND REVENUE BONDS  
(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”), three series of bonds designated as (i) Health Care System Variable Rate Demand Revenue Bonds, Series 2008C, (ii) Health Care System Variable Rate Demand Revenue Bonds, Series 2008D and (iii) Health Care System Variable Rate Demand Revenue Bonds, Series 2008E (Fairview Health Services), (together, the “Bonds”).

WHEREAS, the Bonds of each series were issued pursuant to the terms of a separate Trust Indenture, between the Issuer and Wells Fargo Bank, National Association, as trustee, dated as of October 1, 2007 (together, the “Bond Indentures”).

WHEREAS, the Corporation has advised the City that it desires to amend each of the Bond Indentures to provide that a commercial bank, national banking association or trust company is permitted to act as the Remarketing Agent (as defined in the Bond Indentures) for any series of Bonds, and the Corporation has requested that the City enter into supplements to each of the Bond Indentures that amend the Bond Indentures for this purpose (together, the “Amendments to Bond Indentures”).

NOW THEREFORE, BE IT RESOLVED that the City hereby consents to the supplements to each of the Bond Indentures in order to amend the terms thereof to provide that a commercial bank, national banking association or trust company is permitted to act as Remarketing Agent for any series of the Bonds, and subject to the approval of the forms thereof by City Attorney’s Office, the Amendments to Bond Indentures 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 Amendments to the Bond Indentures shall be executed by the appropriate City officer or officers. The execution of any of the Amendments to Bond Indentures or any other document or instrument by the City Finance Officer or by the appropriate officer or officers of the City shall be conclusive evidence of the approval of such document in connection 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 Amendments to Bond Indentures, 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 Amendments to the Bond Indentures, the acting Mayor, Assistant City Clerk, Assistant City Finance Officer or other officer may execute such instrument.

