

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: APRIL 16, 2025

REGARDING: RESOLUTION AUTHORIZING THE ISSUANCE OF CONDUIT REVENUE BONDS FOR THE HEALTHPARTNERS OBLIGATED GROUP PROJECT UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.1655 AND APPROVING RELATED DOCUMENTS

District 17, Ward 2

Requested Board Action

Approval for the HRA to issue conduit health care facility revenue bonds for HealthPartners Obligated Group, a nonprofit corporation (the “HealthPartners”), in an amount not to exceed \$300,000,000 (the “2025 Bonds”); and approval of related documents. **The proceeds from the 2025 Bonds will refinance bonds issued by the HRA in 2015.**

Background

The HRA has received a request from HealthPartners Obligated Group to issue conduit revenue bonds to refinance bonds as follows:

- Health Care Facility Revenue Bonds, Series 2015 (HealthPartners Obligated Group Project) (the “2015 Bonds”), issued by the HRA, in the original aggregate principal amount of \$306,395,000.

Proceeds of the 2015 Bonds were issued to refinance prior bonds, as follows:

- In 2006, the HRA issued bonds on for the benefit of Regions Hospital to fund the acquisition, construction, expansion, improvement, remodeling, equipping, and furnishing of facilities of Regions Hospital, including: (1) a new patient tower expansion at the Regions Hospital campus including patient rooms, surgical and clinical facilities, support services, and underground parking. HealthPartners continues to make significant capital investments at the Regions Hospital campus. A map of Regions Hospital is **attached**.
- Proceeds of the Series 2015 Bonds were also used to refinance the Series 2008C and 2009 Bonds issued by the City of St. Louis Park on behalf of Park Nicollet Health Services.

The outstanding balance to be refinanced is \$281,725,000 (\$120,515,000 pertaining to Regions Hospital and \$161,210,000 pertaining to Park Nicollet).

HealthPartners System (HP) is a nationally recognized, integrated health care system, with strong care delivery, care financing and administration capabilities. HP is among the largest health care systems in the Midwest and the only fully integrated health care system in Minnesota, with more than 28,000 employees, nearly 1.8 million medical and dental health plan members nationwide, and more than 1.3 million patients.

HP provides these services through a network of primary and specialty care medical facilities, dental facilities, with over 1,750 physicians and 8 hospitals. HealthPartners employs 25,546 persons in Minnesota, with 7,566 in Saint Paul, including 6,303 at Regions Hospital.

Budget Action

This is a conduit bond issue. The bonds shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint Paul, or any agency or political subdivision thereof, and shall not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and do not grant the owners or holders of the bonds any right to have the HRA, City of Saint Paul or any agency or political subdivision thereof to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Principal and interest on the bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

N/A

Financing Structure

Piper Sandler and J.P. Morgan are serving as underwriters for the new debt. The 2025 Bonds will be publicly offered on a fixed rate, long-term basis with serial bond maturities. Proceeds will refinance the outstanding 2015 Bonds without extending the final maturity date of July 1, 2035.

The 2025 Bonds will be rated by Moody’s and Standard & Poor’s; currently HealthPartners carries existing ratings of “A2” and “A” respectively. The underwriters estimate a similar rating for this financing.

The total estimated cost of the refunding is \$289,681,758, as shown below:

| | Regions Portion | Park Nicollet Portion | Total |
|---------------------------|--------------------|--------------------------|--------------------|
| Sources | | | |
| Principal Amount of Bonds | 113,560,000 | 151,410,000 | 264,970,000 |
| Premium | 10,263,951 | 14,447,807 | 24,711,758 |
| Total Sources | 123,823,951 | 165,857,807 | 289,681,758 |
| Uses | | | |
| Deposit for Refinancing | 122,688,198 | 164,342,740 | 287,030,938 |
| Cost of Issuance/Rounding | 1,135,753 | 1,515,067 | 2,650,820 |
| Total Uses | 123,823,951 | 165,857,807 | 289,681,758 |

As a result of this refinancing, HealthPartners is projected to achieve net present value savings of over \$17 million or 6% of the refinanced principal.

PED Credit Committee Review

The PED Credit Committee reviewed the proposal for conduit bonds on April 1, 2025, and found it to be consistent with PED’s conduit bond policy.

Compliance

The proceeds from the 2025 Bonds will not be used for construction, therefore vendor outreach and labor standards will not apply. HealthPartners is required to comply with AA/EEO and currently has an approved Affirmative Action Plan on file with the City.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose

HealthPartners Obligated Group will substantially reduce their financing expenses and maintain high-quality facilities within Saint Paul providing critical health services for our region.

Recommendation:

HRA Executive Director recommends approval of the resolution which provides authorization for the issuance of up to \$300,000,000 in conduit revenue bonds for HealthPartners Obligated Group and approving related documents.

Sponsored by: Commissioner Noecker

Staff: Jenny Wolfe, 266-6680

Attachment

- **Map**