

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

REPORT TO THE COMMISSIONERS

DATE: February 25, 2015

REGARDING: RESOLUTION CONSENTING TO THE ISSUANCE OF (A) HEALTH CARE FACILITY REVENUE REFUNDING BONDS (OPEN CITIES HEALTH CENTER PROJECT), SERIES 2015A, AND (B) TAXABLE HEALTH CARE FACILITY REVENUE BONDS (OPEN CITIES HEALTH CENTER PROJECT), SERIES 2015B FOR OPEN CITIES, INC. BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL
(District 13, Ward 1)

Requested Board Action

Approval of the attached resolution (Attachment A) consenting to the issuance of bank-qualified, tax-exempt conduit revenue bonds by the Port Authority of the City of Saint Paul for Open Cities Health Center, Inc., which bond proceeds will refund previously issued HRA bonds.

Background

In November, 2001, the HRA issued \$5,300,000 in Health Care Revenue Bonds for the Model Cities Health Center Project located at 409 Dunlap Street North (“Series 2001 Bonds”). Model Cities Health Center is now known as Open Cities Health Center (“Open Cities”). As of November 1, 2014, \$3,860,000 of the Series 2001 Bonds remains outstanding. The Port Authority of the City of Saint Paul (“Port Authority”) has received a request that it issue bank-qualified, tax-exempt conduit revenue bonds in an aggregate principal amount not to exceed \$4,350,000 (“Bonds”), and loan the proceeds to Open Cities to refund existing HRA conduit revenue bonds and pay financing costs. See **Attachment B** for a Map of the Project.

MN Statutes, Section 469.155, Subd. 12, authorizes the issuance of refunding bonds by an entity other than the original issuer, with the consent of the original issuer. The Port Authority has requested that the HRA consent to the issuance by the Port Authority of the Bonds that will be used to refund the Series 2001 Bonds.

The HRA cannot issue a note designated as “bank qualified” because this designation is limited to issuers that issue no more than \$10 million of tax-exempt obligations during the calendar year.

The HRA expects to issue more than \$10 million in calendar year 2015. The designation of the Bonds as bank qualified with the refinancing allows Open Cities to more efficiently provide medical programs and services benefitting its patients in Saint Paul. The Port Authority has assured the HRA that it will split its issuer fees paid at closing and annually with the HRA.

Budget Action

N/A

Future Action

N/A

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

N/A

Recommendation:

The Executive Director recommends approval of the resolution in Attachment A.

Sponsored by: Commissioner Thao

Staff: Jenny Wolfe (6-6680)

Attachments

- Attachment A – Resolution
- Attachment B – Map of Project