

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 14, 2020

**REGARDING: RESOLUTION APPROVING THE ISSUANCE AND SALE OF  
CONDUIT REVENUE REFUNDING BONDS, SERIES 2020 FOR  
THE AMHERST H. WILDER FOUNDATION PROJECT, LOCATED  
AT 451 NORTH LEXINGTON PARKWAY AND AUTHORIZING  
THE EXECUTION OF RELATED DOCUMENTS THERETO  
DISTRICT 13, WARD 1**

## **Requested Board Action**

For a Public Hearing and authorization for the HRA to issue up to \$25,000,000 in conduit revenue refunding bonds for the Amherst H. Wilder Foundation Project to refund prior bonds issued by the Port Authority of the City of Saint Paul.

## **Background**

The Amherst H. Wilder Foundation (“Wilder”) is a Minnesota nonprofit health and human services corporation that has served the greater Saint Paul area since 1906. The mission of Wilder is to promote the social welfare of persons located in the greater Saint Paul metropolitan area. Wilder activities include programs to provide a wide variety of services to children, families, single adults, and the elderly, including behavioral health services, housing and employment services, child-care, and healthcare and supportive services. Wilder also operates Wilder Research, which offers program evaluation, support and research services, and Wilder Center for Communities, which brings people together through leadership programs, community initiatives, public policy, convening, and volunteerism. Wilder, which employs 410 persons in Saint Paul, generated over \$57 million in total revenue and support for their fiscal year ending June 30, 2019.

In 2004, Wilder began evaluating their programs and space needs and determined that their facility at 911 Lafond was not meeting their needs. Wilder selected the approximately three-acre vacant site on the corner of Lexington Parkway and University Avenue (451 Lexington Parkway) for its relocation and consolidation of services. The nearly 100,000 square foot four-story facility with parking ramp completed in 2008 is known as the Wilder Center. The facility includes several thousand square feet of adaptable convening space for Wilder and community use. The total

project cost was \$37 million and about \$10 million of the project costs were raised through a capital campaign. The Wilder Center provides better accessibility for clients and broader visibility for Wilder in the community, and has the added benefit of long-term lower facility operating costs. Wilder Center was designed and built with energy efficiency in mind and achieved LEED Gold Status through the stringent USGBC LEED certification process. The Project is in an area zoned T-4 and a map is **attached**. Wilder continues to own the property on Lafond, which property is comprised of four facilities used for current programs operated by Wilder or leased to small community non-profits. Wilder's programming at the Lafond site includes the Wilder Child Development Center serving over 75 children, Wilder's day treatment program for children, and Wilder's Center for Social Healing.

In 2006, the Saint Paul Port Authority (the "Port Authority") issued \$33,310,000 of conduit revenue bonds to assist in the financing of Wilder Center (the "Series 2006"). In 2010, the Port Authority issued \$28,405,000 in conduit revenue refunding bonds to refund the Series 2006 bonds (the "Series 2010"). The outstanding balance of the Series 2010 bonds will be \$20,970,000 following the 12/1/2020 principal payment. Wilder has submitted an application to the HRA for the issuance of up to \$25,000,000 in conduit revenue refunding bonds (the "Series 2020") to refund the Series 2010 bonds issued by the Port Authority. The Series 2020 bonds will be special, limited revenue obligations of the HRA payable solely from the revenues expressly pledged to the payment thereof as described in the bond documents. The Port Authority is not able to issue the Series 2020 bonds in calendar year 2020 as requested by Wilder. Wilder has requested the refunding to achieve interest savings and will not be extending the final maturity date from 12/1/2036.

The Port Authority will need to consent to the issuance of the Series 2020 bonds by the HRA. This consent has been requested and we have been advised that written consent can initiate from the staff of the Port Authority.

### **Budget Action**

**This is a conduit bond issue.** The Series 2020 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 Series 2020 bonds any right to have the HRA, City 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.

**Future Action**

No further action is required; the closing is expected to occur in November.

**Financing Structure**

The Series 2020 bonds will be underwritten by Piper Sandler & Co. (the “Underwriter”), and will be structured as fixed-rate term bonds with a negotiated sale to institutional and accredited investors. The Underwriter is pursuing a credit rating from Moody’s for the Series 2020 bonds and expects the rating to be in the Baa category, enabling the Series 2020 bonds to be offered in minimum denominations of \$5,000 consistent with HRA conduit bond policies.

The expectation is that there will be tax-exempt and taxable series, and the projected sources and uses when assuming a rating of Baa is detailed below.

**Sources:**

Series 2020 Bond Proceeds	\$20,880,000
Bond Premium/Discount	<u>2,405,812</u>
<b>Total Sources:</b>	<b>\$23,285,812</b>

**Uses:**

Series 2010 Refunding Escrow	\$20,968,449
Debt Service Reserve Fund	1,845,000
Costs of Issuance/Rounding	<u>472,363</u>
<b>Total Uses:</b>	<b>\$23,285,812</b>

### **PED Credit Committee Review**

The PED Credit Committee reviewed the proposal for conduit bonds on September 29, 2020 and found it to be consistent with the HRA/PED's conduit bond policy.

### **Compliance**

There is no construction associated with the refunding and therefore the only compliance required is Affirmative Action, Chapter 183.04 for Amherst H. Wilder Foundation (the borrower). Amherst H. Wilder has a certified AAP with the City that expires in October of 2022.

### **Green/Sustainable Development**

N/A

### **Environmental Impact Disclosure**

N/A

### **Historic Preservation**

N/A

### **Public Purpose/Comprehensive Plan Conformance**

Wilder employs 410 persons in Saint Paul, and is an important health and human-service agency serving Saint Paul and surrounding communities. The proposed conduit bond refunding will improve the financial stability of their organization.

### **Statement of Chairman (for Public Hearing)**

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of approving the issuance of approximately \$25 million in conduit revenue refunding bonds by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) for the Amherst H. Wilder Foundation Project. Notice of time, place, and purpose of this hearing was published in the Legal Ledger, the official newspaper of the Authority on the 28<sup>th</sup> of September 2020. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned.”

**Recommendation:**

The HRA Executive Director recommends approval of the resolution authorizing the issuance and sale of up to \$25,000,000 in conduit revenue refunding bonds for the benefit of Wilder and execution of related documents.

**Sponsored by: Dai Thao**

**Staff:** Jenny Wolfe, 266-6680

**Attachments:**

- **Map**