


SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Meeting of October 26, 2010) **DATE:** October 13, 2010

FROM: Peter M. Klein 

**SUBJECT: PUBLIC HEARING - AMHERST H. WILDER FOUNDATION (WILDER)
AUTHORIZATION FOR AN APPROXIMATE \$30,000,000
CONDUIT TAX EXEMPT BOND ISSUE
RESOLUTION NO. 4358**

ACTION REQUESTED:

Approval for the issuance of an approximate \$30,000,000 of conduit tax exempt bonds for Wilder.

PUBLIC PURPOSE:

Bond proceeds will refinance the Series 2006-3 Bonds that paid for the construction of the Wilder Center. The refinancing will allow Wilder to take advantage of historically low interest rates and avoid variable interest rate risk and Letter of Credit renewal risk. This stable financing will help Wilder provide its many services to our communities.

BUSINESS SUBSIDY:

The proposed issuance of bonds is for a not-for-profit organization and is exempt from treatment as a business subsidy.

BACKGROUND:

The Wilder Foundation began a century ago through the wills of a wealthy entrepreneur, Amherst Holcomb Wilder, his wife, Fanny Spencer Wilder, and their daughter, Cornelia Day Wilder Appleby. The Wilder family wanted to create a charity that would assist the most vulnerable of Saint Paul's citizens. Their vision has remained the basic mission of the Foundation throughout its history: To promote the social welfare of persons resident or located in the greater Saint Paul metropolitan area by all appropriate means, including:

- relief of the poor
- care of the sick and aged
- care and nurture of children
- aid of the disadvantaged and otherwise needy
- promotion of physical and mental health
- support of rehabilitation and corrections
- provision of needed housing and social services
- operation of residences and facilities for the aged, the infirm and those requiring special care

The Port Authority issued \$33,310,000 of variable rate tax exempt bonds in 2006 for the construction of the Wilder Center.

PROJECT:

See attached report.

POLICY EXCEPTIONS:

None.

WORKFORCE IMPLICATIONS:

Wilder employs approximately 650 people in the Saint Paul area, most of whom live in Saint Paul.

DISCLOSURE:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks of facts you may be aware of that would affect the probability of repayment on these bonds.

RECOMMENDATION:

We recommend approval of this transaction.

Attachment:

PMK:rrd

AMHERST H. WILDER FOUNDATION

<u>Action Requested:</u>	Approval of final resolution authorizing the issuance of approximately \$30,000,000 of conduit tax exempt bonds for Wilder.
<u>Project Summary:</u>	The proceeds of the Bonds will be used to refinance existing bonds that were used for the construction and equipping of the 99,136 square foot Wilder Center, and related parking ramp, located at the southwest corner of Lexington Parkway and University Avenue in Saint Paul.
<u>Type:</u>	Qualified 501(c) (3) bonds.
<u>Term:</u>	Series 2010-3 - 30 years
<u>Issuer:</u>	Saint Paul Port Authority
<u>Borrower:</u>	Amherst H. Wilder Foundation
<u>Trustee:</u>	Wells Fargo Corporate Trust Services
<u>Underwriter:</u>	Piper Jaffray & Co.
<u>Bond Counsel:</u>	Leonard, Street & Deinard
<u>Borrowers Counsel:</u>	Briggs & Morgan, P.A.
<u>Underwriter's Counsel:</u>	Faegre & Benson
<u>Rating Agency:</u>	Moody's Investor Services

The Foundation:

The Amherst H. Wilder Foundation is a nonprofit health and human services organization that has served the greater Saint Paul, Minnesota, area since 1906. It operates dozens of programs that help children succeed in school, older adults remain independent, troubled youth create healthy futures, and individuals and families maintain long-term housing.

Wilder employs approximately 650 individuals, has over 500 volunteers and serves over 10,000 individuals with an annual budget of \$51,200,000.

Estimated Sources and Uses of Funds:

<u>Sources of Funds</u>	
Bond Proceeds	<u>\$ 30,000,000</u>
<u>Use of Funds</u>	
Payoff Existing Debt	\$ 29,500,000
Financial Costs	<u>500,000</u>
Total	<u>\$ 30,000,000</u>

The Bonds:

The Bonds will be issued in the approximate principal amount of \$30,000,000. The bonds will bear interest at a fixed rate, currently expected to be approximately 5%.

Fees:

The Port Authority will receive a fee of .125% of the principal amount of the outstanding bonds annually.

Conduit Financing:

The bonds will be conduit financing of the Authority and will not constitute or give rise to a liability of the Authority, the City of Saint Paul, or the State of Minnesota or a charge against their general credit or taxing powers.

Loan Agreement:

Under the Indenture, the Authority has pledged its interest in the Loan Agreement to the trustee to secure the bonds. The trustee is authorized to exercise the rights of the Authority and to enforce the obligations of the borrower under the Loan Agreement.

Recommendation:

We recommend approval of authorizing issuance of the approximate \$30,000,000 conduit tax exempt bond issue on behalf of Wilder.