

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 14, 2020

**REGARDING: RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
CONDUIT REVENUE REFUNDING BONDS OF THE HRA AND
THE CITY OF MINNEAPOLIS OF BEHALF OF CHILDREN'S
HEALTH CARE AND THE EXECUTION OF DOCUMENTS
DISTRICT 9, WARD 2**

Requested Board Action

The specific action being requested of the HRA Board is as follows:

- Approval for the joint issuance (with the City of Minneapolis) of up to \$85.5 million in Conduit Revenue Refunding Bonds (the "Series 2020") for Children's Health Care d/b/a Children's Hospitals and Clinics of Minnesota; and
- Authorization for the execution of necessary documents, including one or more: Loan Agreement, Note and Bond Indenture; a Supplemental Indenture; and a Joint Powers Agreement with the City of Minneapolis.

Background

Children's Health Care ("Children's") is a Minnesota nonprofit corporation that provides a broad range of pediatric health care services for children in the upper Midwest. Children's owns and operates two tertiary acute care facilities: Children's – Minneapolis; and Children's – Saint Paul, located at 345 Smith Avenue. Children's employs 5,452 full and part-time employees in Minnesota, including 1,351 in Saint Paul.

The HRA received an application from Children's to refund conduit bonds previously issued jointly with Minneapolis in 2007 (the "Series 2007"), which proceeds were used to refund prior bonds and to complete improvements to Children's Saint Paul campus. Additional bonds were issued in 2010 jointly with Minneapolis to complete the project that included the remodeling of the entrance and operating rooms, an expansion of the emergency department, relocation of the pediatric epilepsy unit, and provision of private patient rooms with private baths, which project was fully completed in 2012. The Series 2007 bonds were issued in November 2007 in an amount of \$103,000,000 and the outstanding balance is \$84,550,000; these are the only obligations issued

by the HRA on behalf of Children's that remaining outstanding. Children's Saint Paul campus is in a B-5 zoning district, with all of Children's current land uses permitted. A map is attached.

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 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 Series 2020 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

The Series 2020 bonds will be issued in an amount not to exceed \$85,500,000 and directly purchased by Old National Bank. The final maturity date of 8/15/2037 will not change. The Estimated Sources and Uses of Funds are shown below:

SOURCES:

Proceeds of 2020 Bonds	<u>\$85,150,000</u>
Total Sources	\$85,150,000

USES:

Refunding Escrow Deposit	\$84,550,000
Costs of issuance/Rounding	<u>600,000</u>
Total Uses	\$85,150,000

PED Credit Committee Review

The PED Credit Committee reviewed this project on September 29, 2020 and found that the transaction is consistent with previous joint-issue conduit bond transactions involving the Cities of Saint Paul and Minneapolis.

Compliance

There is no construction associated with the refunding and therefore the only compliance required is Affirmative Action, Chapter 183.04 for Children's (the Borrower).

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The refunding will assist Children's by addressing certain debt covenants, and further enable Children's to focus on their long-term needs and sustain their commitment to providing a high level of quality healthcare in Saint Paul. The Children's Hospital facilities are consistent with City adopted plans and development guidelines.

Recommendation:

The HRA Executive Director recommends approval of the resolution, which authorizes the issuance of up to \$85,500,000 of conduit revenue refunding bonds and the execution of related documents for the benefit of Children's Health Care.

Sponsored by: Rebecca Noecker

Staff: Jenny Wolfe, 266-6680

Attachments

- **Map**