

Originator Finance	Item Resolution Approving Refinancing of Founders Ridge Conduit Debt Series 2014A & 2014B
Agenda Section	Date 5/5/2014

Description

Background:

On December 30, 2010, the City issued its Revenue bond (Founders Ridge Project), Series 2010 in the original aggregate principal amount of \$19,950,000, to finance the acquisition, construction, and equipping by Bloomington Bethany Senior Housing, Inc., a Minnesota nonprofit corporation (the "Borrower"), of a multifamily housing development located at 6600 Auto Club Road in the City of Bloomington, Minnesota, comprised of the following: (i) a four-story building for occupancy by seniors, comprised of fifty-six (56) independent-living apartments for seniors; (ii) a three-story building for occupancy by seniors, comprised of sixteen (16) assisted-living apartments, nineteen (19) memory-care apartments, sixteen (16) high-acuity, assisted-living apartments, and one (1) respite unit; and (iii) a two-story town center area with various amenities (collectively, the "Project").

The Series 2010 bond was proposed to be publicly sold but due to an unexpected volatility in the tax-exempt bond market, the sale of the Series 2010 bond was determined not to be economical for the Borrower and the Series 2010 bond was privately placed with Piper Jaffray & Company. On April 8, 2011, the City issued its Senior Housing Revenue Refunding Series 2011 bond (Founders Ridge Project), Series 2011A in the original aggregate principal amount of \$8,300,000, and its Senior Housing Revenue Refunding Series 2011 Note (Founders Ridge Project), Series 2011B in the original aggregate principal amount of \$8,300,000.

The Series 2011 bonds were issued and the Series 2010 bond was redeemed and prepaid, the unexpended proceeds of the Series 2010 Note, along with an equity contribution by the Borrower, were deposited with Associated Bank, National Association, the purchaser of the Series 2011 bonds, and applied to the costs of the acquisition, construction, and equipping of the Project.

Current Activities:

The Borrower has requested that the City issue its Senior Housing Revenue Refunding Series 2014 bond (Founders Ridge Project), Series 2014A, in the original aggregate principal amount of \$7,912,000, and its Senior Housing Revenue refunding Series 2014 Note (Founders Ridge Project), Series 2014B, in the original aggregate principal amount of \$7,912,000, under the provisions of this resolution.

As the duration of the original debt structure has not changed no public hearing is required. The main reasons for the refinancing are favorable interest rates and a change in the lending institution. The Series 2014A bond will be sold to Venture Bank (the "Lender"), under the terms of a Note Purchase Agreement, dated on or after May 1, 2014.

Bond Attorney John Utley of Kennedy and Graven will be present along with a representative of Founders Ridge project should Council have questions.

Requested Action

Approve resolution to refinance Founders Ridge Conduit Debt Series 2014A and 2014B.

Attachments:

Comment