



CITY OF NEW RICHMOND
THE CITY BEAUTIFUL

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**Community Development Authority Meeting
City of New Richmond, Wisconsin
Tuesday, August 25, 2015
8:00 a.m. at the Civic Center (ED LAB)**

If you are unable to attend the meeting, please notify Marie Bannink at 246-4268.

AGENDA:

1. Call to Order
2. Roll Call
3. Adoption of Agenda
4. Approval of the Previous CDA Meeting Minutes – June 10, 2015
5. Refinancing Proposal for the New Richmond Westfield's Hospital
6. Announcements
7. Adjournment

cc: The News
Northwest Community Communications
City Website

A majority of the members of the New Richmond City Council may be present at the above meeting. Pursuant to State ex rel. Badke v. Greendale Village Board., 173 Wis. 2d 553, 494 N.W. 2nd 408(1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

If you need a sign language interpreter or other special accommodations, please contact the City Clerk at 246-4268 or Telecommunications Device for the Deaf (TDD) at 243-0453 at least 48 hours prior to the meeting so arrangements can be made.

Come Grow With Us!

**CITY OF NEW RICHMOND
COMMUNITY DEVELOPMENT AUTHORITY
WEDNESDAY, JUNE 10, 2015**

Pursuant to due call and notice thereof, a meeting of the Board of Commissioners of the Community Development Authority was called to order by Chair Jason Zahradka at 8:03 a.m.

Members Present: John Soderberg, Scottie Ard, Gary Cronick, Jessie Klopp, and Jason Zahradka

Members Absent: James Jackson and MaryKay Rice

Others Present: Joe Green, Andy Pratt, Beth Thompson, and Marie Bannink

Scottie Ard moved to approve the agenda, seconded by Jessie Klopp, and carried.

Scottie Ard moved to approve the minutes of the January 7, 2015 meeting, seconded by Jessie Klopp, and carried.

Election of Officers:

Current officers are Chair, Jason Zahradka and Vice Chair, MaryKay Rice. Beth Thompson stated in January we changed the secretary and treasurer position to city staff. Gary Cronick moved to keep the current officers, seconded by John Soderberg, motion carried.

Refinancing Proposal for the New Richmond Area Centre Bonds:

Andy Pratt explained the process for the Centre bond reissuance. The CDA is a conduit for financing. Neither the CDA, nor the City, is responsible for any repayment of these bonds. Andy explained if the Centre were not able to make the payments the bank would then become the tenant and the City would remain the land title holder. The bond documentation will be filed upon the approval of the CDA. Motion was made by Scottie Ard to approve the refinancing plan, for the New Richmond Area Centre, as presented, motion seconded by Gary Cronick, and carried. On voting John Soderberg and Jessie Klopp abstained.

Announcements:

No announcements.

Scottie Ard moved to adjourn the meeting, seconded by Gary Cronick, and carried.

Meeting adjourned at 8:17 a.m.

Minutes by Marie Bannink



2200 IDS Center
80 South 8th Street
Minneapolis MN 55402-2157
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MEMORANDUM

TO: Community Development Authority of the City of New Richmond, Wisconsin
Beth Thompson, Community Development Director
Scott Wagner, Bremer Bank, N.A.

FROM: Trudy J. Halla

DATE: August 12, 2015

RE: **Westfields Hospital, Inc.**

BACKGROUND

On September 30, 1999, the Community Development Authority of the City of New Richmond, Wisconsin (the "CDA") issued its \$7,000,000 Hospital Facilities Revenue Note, Series 1999A (Holy Family Hospital Project) (the "Note"), made payable to Bremer Bank, National Association ("Bremer") and loaned the proceeds of the Note to Holy Family Hospital of New Richmond, Wisconsin, Inc. now known as Westfields Hospital, Inc., a Wisconsin nonprofit corporation (the "Borrower"), pursuant to a Loan Agreement dated as of September 30, 1999 (the "Loan Agreement"), among the CDA, the Borrower and the Village of Star Prairie, Wisconsin ("Star Prairie") to finance (i) renovation and expansion of the existing hospital facility located at 535 Hospital Road in New Richmond, Wisconsin, (ii) construction of an adjoining medical office building, and (iii) refinancing of certain tax-exempt debt of the Borrower. The CDA issued the Note on a tax-exempt basis (i.e. Bremer was not obligated to pay taxes on the interest received from the Note), which allows for a lower interest rate and additional cost savings to the Borrower.

Political subdivisions such as counties, cities, community development authorities, housing authorities and certain state agencies are authorized under state law to issue revenue bonds (like the Note) to finance various projects on behalf of nonprofit and other qualifying private corporations. These bonds are payable purely from revenue streams of the nonprofit or other qualifying private borrower. There is no authority for the bondholder(s) to demand payments from the general fund of a political subdivision, and a political subdivision may not pledge a tax levy or make a general obligation pledge to repay the revenue bonds. This is why the financing is described as a "conduit revenue" bond; the issuing authority is merely a conduit between the nonprofit borrower and the bondholder(s). In the case of the Note, Bremer set up a repayment schedule, and the Borrower paid debt service directly to Bremer. As security, Bremer

took a mortgage on the facilities financed by the Note. The current interest rate on the Note is a variable rate which resets periodically and will reset next at 3.25% per annum, which in the current interest rate environment, is above market.

AMENDING THE NOTE/REFINANCING

Bremer has agreed to reduce and fix the interest rate on the Note to 3% per annum during the remaining term of the Note, which matures on September 30, 2024. Under the Internal Revenue Code, amending the Note causes the Note to be considered as “reissued” and, therefore, this transaction is actually a refinancing for income tax purposes, even though all parties to the transaction, including the Borrower and Bremer, remain the same. However, reissuance of the Note will not affect the ability of the CDA or the City of New Richmond to issue its own tax-exempt debt for general municipal purposes and to designate such debt as “bank qualified.”

REFINANCING PROCESS

Based on relevant state statutes and federal tax regulations, the CDA does not need to hold a new public hearing. The CDA can simply approve the Amendment to the Note in the form attached to the Resolution.

I will be present at the CDA’s special meeting, when it can be scheduled, to provide further details on this transaction and answer any questions. Scott Wagner from Bremer is also planning to be at the meeting. In the meantime, if you have any questions or comments whatsoever, please contact me directly at 612-977-8513 or at thalla@briggs.com.

TJH/lsd

RESOLUTION NO. 15-_____

RESOLUTION AUTHORIZING AMENDMENT TO THE
HOSPITAL FACILITIES REVENUE NOTE, SERIES 1999A
(HOLY FAMILY HOSPITAL PROJECT)
AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, on September 30, 1999, the Community Development Authority of the City of New Richmond, Wisconsin (the "Authority") issued its \$7,000,000 Hospital Facilities Revenue Note, Series 1999A (Holy Family Hospital Project) (the "Note") made payable to Bremer Bank, National Association (the "Lender") and loaned the proceeds of the Note to Holy Family Hospital of New Richmond, Wisconsin, Inc. now known as Westfields Hospital, Inc., a Wisconsin nonprofit corporation (the "Borrower"), pursuant to a Loan Agreement dated as of September 30, 1999 (the "Loan Agreement"), among the Authority, the Borrower and the Village of Star Prairie, Wisconsin ("Star Prairie") to finance (i) renovation and expansion of the existing hospital facility located at 535 Hospital Road in New Richmond, Wisconsin, (ii) construction of an adjoining medical office building, and (iii) refinancing of certain tax-exempt debt of the Borrower; and

WHEREAS, pursuant to the Loan Agreement, on September 20, 1999, Star Prairie also issued is \$6,990,000 Hospital Facilities Revenue Note, Series 1999B (Holy Family Hospital Project) (the "Star Prairie Note") made payable to the Lender and loaned the proceeds to the Borrower; and

WHEREAS, pursuant to a Pledge Agreement dated as of September 30, 1999 among the Authority, Star Prairie and the Lender, the Authority and Star Prairie assigned their rights and interests under the Loan Agreement (except for certain rights of payment and indemnification) to the Lender; and

WHEREAS, the Borrower has secured payment of its obligations under the Loan Agreement, including repayment of the Note, by delivery to the Lender of the Mortgage (as defined in the Loan Agreement); and

WHEREAS, in order to reduce the current interest rate on the Note and to make certain other changes to its terms, the Borrower and the Lender have requested that the Authority and Star Prairie enter into amendments to the Note and the Star Prairie Note to effect such changes.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Community Development Authority of the City of New Richmond, Wisconsin, as follows:

The form of First Amendment to Note attached to this Resolution as Exhibit A is hereby approved and the Chairman and Secretary are authorized to execute the First Amendment to Note together with such other documents requested by Bond Counsel in form and content acceptable to the Authority in connection with the amendment of the Note. In the event of the absence or disability of the Chairman or Secretary, such officers of the Authority as, in the opinion of the City Attorney, may act on their behalf, shall without further act or authorization of the Board do all things and execute all instruments and documents required to be done or

executed by such absent or disabled officers. The execution of any instrument by the appropriate officer or officers of the Authority herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

Adopted by the Board of Commissions of the Community Development Authority of New Richmond, Wisconsin, this ____ day of _____, 2015.

Chairman

Attest:

Secretary

CERTIFICATION BY EXECUTIVE DIRECTOR

STATE OF WISCONSIN)
) ss
COUNTY OF ST. CROIX)

I, the undersigned, being the duly qualified and acting Secretary of the Community Development Authority of the City of New Richmond, Wisconsin, hereby certify that I have carefully compared the attached and foregoing Resolution No. ____ with the original thereof on file in my office and the same is a full, true and complete transcript therefrom, insofar as the same relates to a Resolution Authorizing the Amendment of the Hospital Facilities Revenue Note, Series 1999A (Holy Family Hospital Project) and Authorizing the Execution of Documents Relating Thereto.

WITNESS my hand officially as such Secretary, this ____ day of _____, 2015.

Secretary

EXHIBIT A

**FIRST AMENDMENT TO \$7,000,000 HOSPITAL FACILITIES
REVENUE NOTE, SERIES 1999A
(HOLY FAMILY HOSPITAL PROJECT)**

THIS FIRST AMENDMENT TO HOSPITAL FACILITIES REVENUE NOTE, SERIES 1999A (Holy Family Hospital Project) (this "Amendment"), is effective as of September 1, 2015, by and between the COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF NEW RICHMOND, WISCONSIN (the "Authority") and BREMER BANK, NATIONAL ASSOCIATION, a national banking association ("the "Lender") with the consent of Westfields Hospital, Inc., formerly known as Holy Family Hospital of New Richmond, Wisconsin, Inc., a Wisconsin nonprofit corporation (the "Borrower").

RECITALS:

A. The Authority issued its Hospital Development Revenue Note, Series 1999A (Holy Family Hospital Project) on September 30, 1999 made payable to the order of the Lender in the original principal amount of \$7,000,000, which is currently outstanding in the principal amount of \$_____ (the "Note"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note.

B. The Authority, the Lender and the Borrower desire to amend the Note upon the terms and conditions set forth in this Amendment.

AGREEMENTS:

NOW, THEREFORE, the Authority and the Lender hereby agree as follows:

1. Amendment of Interest Rate. The first paragraph of the Note is hereby deleted and replaced in its entirety with the following:

"The Community Development Authority of the City of New Richmond, Wisconsin, a public body corporate and politic duly organized and existing under the laws of the State of Wisconsin as a housing and community development authority (the "Issuer"), for value received, hereby promises to pay to the order of Bremer Bank, National Association, or registered assigns (the "Lender"), at its offices at 605 Second Street, Menomonie, Wisconsin, 54751, or such other place as the Lender may designate in writing, from the source and in the manner hereinafter provided, the principal sum of Seven Million Dollars (\$7,000,000), or so much thereof as may have been advanced to or for the benefit of the Issuer and remains unpaid from time to time (the "Principal Balance"), with interest thereon from the date hereof at the annual rate equal to three percent (3%). The principal and interest shall be paid in any coin or currency which at the time or times of payment is legal tender for the payment of public and private debts in the United States of America. This Note is payable in the amounts and at the times provided below."

2. Amendment to Monthly Payment Amount. The second paragraph deleted and replaced in its entirety with the following:

“Commencing on November 1, 1999, and continuing on the same day of each month thereafter to and including March 31, 2001, interest shall be payable in monthly installments. Commencing on April 1, 2001 and continuing on the same day of each month thereafter to and including September 1, 2024, principal and interest shall be payable in equal consecutive monthly installments of \$_____ each. Interest payments shall be computed on the basis of the actual days elapsed in a year of 365 days. The entire outstanding Principal Balance and interest, if not sooner paid, shall be paid in full on September 30, 2024. Payments shall be applied first to interest due on the Principal Balance and thereafter to reduction of the Principal Balance.”

3. Prepayment. The eighth paragraph of the Note is hereby deleted and replaced in its entirety with the following:

“The Note shall be subject to prepayment on any business day by the Issuer, at the request of the Company, in whole or in part, as provided in Section 5.01 of the Loan Agreement together with a premium as follows:

<u>Prepayment Date</u>	<u>Premium</u>
September 1, 2015 to August 31, 2020,	2%
September 1, 2020 and thereafter	1%

Notice of any such prepayment shall be given to the Lender by certified or registered mail, addressed to the Lender at its registered address, not less than thirty (30) days prior to the date fixed for prepayment. At the date fixed for prepayment, funds shall be paid to the Lender at its registered address. Notwithstanding the foregoing, during any consecutive twelve (12) month period, the Company may prepay up to twenty (20%) percent of the Principal Balance, without premium, so long as funds for such prepayment are derived in any way from operating cash flow and not from refinancing with another financial institution. In the event of a partial prepayment equal to or greater than 10% of the outstanding Principal Balance, the Lender shall, at the request of the Company, reamortize the monthly installments due pursuant to the second paragraph of this Note over the remaining term of this Note.”

4. Fees and Expenses. The Borrower agrees to pay or reimburse the Issuer and the Lender for all reasonable out-of-pocket expenses (including, without limitation, reasonable attorneys’ fees, and out-of-pocket disbursements of legal counsel and Bond Counsel) incurred by the Issuer or the Lender in connection with this Amendment and related documents.

5. Counterparts. This Amendment may be executed in two or more counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

6. References to Note. All references to the Note in any document or instrument related to the Note are hereby amended and shall refer to the Note as amended by this Amendment. This Amendment shall be attached to and become a part of the Note. Except as amended hereby, the provisions of the Note shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this First Amendment to Note has been executed by the parties hereto the day and year first above written.

AUTHORITY:

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF NEW RICHMOND,
WISCONSIN

By: _____
Chairman

ATTEST:

By: _____
Secretary

LENDER:

BREMER BANK, NATIONAL ASSOCIATION

By: _____
Its: _____

Consented and agreed to:

Westfields Hospital, Inc.
formerly known as Holy Family Hospital
of New Richmond, Wisconsin, Inc.

By: _____
Its: _____

SIGNATURE PAGE TO FIRST AMENDMENT TO NOTE