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Title: Resolution authorizing the issuance and sale of conduit revenue bonds, under Minnesota Statutes, Sections 469.152 through 469.1655, for the Regions Hospital Project located at 640 Jackson Street, and approving related documents; District 17, Ward 2

Sponsors: Rebecca Noecker

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Attachments: 1. Board Report, 2. Site Plan, 3. Map, 4. District 17 Profile

Date	Ver.	Action By	Action	Result
9/12/2018	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution authorizing the issuance and sale of conduit revenue bonds, under Minnesota Statutes, Sections 469.152 through 469.1655, for the Regions Hospital Project located at 640 Jackson Street, and approving related documents; District 17, Ward 2

WHEREAS,

(a) The purpose of Minnesota Statutes, Sections 469.152 to 469.1655 (the “Act”), as found and determined by the legislature, is, among other things, to promote the welfare of the state by the provision of necessary health care facilities so that adequate health care services are available to residents of the state at reasonable cost;

(b) The Board of Commissioners (the “Board”) of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) has received from Regions Hospital (the “Borrower”), a Minnesota nonprofit corporation organized under the laws of the State of Minnesota, a proposal that the HRA assist in financing certain health care facilities hereinafter described through the issuance of revenue Bonds, in one or more series, as further defined below (the “Bonds”), pursuant to the Act;

(c) The HRA desires to facilitate the selective development of the community, retain and improve the tax base and help to provide the range of services and employment opportunities required by the population, including health care services and facilities; and the Project described below will assist the HRA in achieving those objectives and will enhance the image and reputation of the community;

(d) The Borrower has proposed that the HRA issue the Bonds (i) to finance a portion of the costs of the acquisition, construction and equipping of an approximately 159,253 square-foot, four-story building for a new birth center on the Regions Hospital campus located at 640 Jackson Street in the City of Saint Paul, Minnesota (the “City”); and (ii) to pay a portion of the costs of issuing the Bonds (collectively, the “Project”). The facilities included in the Project will be owned and

operated by the Borrower;

(e) The HRA has been advised by representatives of the Borrower that conventional, commercial financing for the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the facilities would be significantly reduced;

(f) Based on representations of the Borrower, no public official of the HRA or the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project;

(g) The Board of Commissioners conducted a public hearing on August 22, 2018 with respect to financing the Project and issuing the Bonds following duly published notice pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder;

(h) The Project will further the proposed policies of the Act, and the findings made in the preliminary resolution of the HRA adopted on August 22, 2018 with respect to the Project are hereby ratified, affirmed and approved; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, as follows:

SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.

1.1 Findings. The HRA hereby finds, determines and declares as follows:

(a) The HRA is a body corporate and politic and a political subdivision of the State of Minnesota and is authorized under the Act to assist the revenue producing project herein referred to, and to issue and sell the Health Care Facility Revenue Bonds (Regions Hospital Project), Series 2018, in one or more, but not more than five, series (collectively, the "Bonds") for the purpose, in the manner and upon the terms and conditions set forth in the Act and in this Resolution.

(b) The issuance and sale of the Bonds by the HRA, pursuant to the Act, is in the best interest of the HRA, and the HRA hereby determines to issue the Bonds and to sell the Bonds to Siemens Financial Services, Inc., Siemens Public, Inc., any affiliate of the foregoing, or another institutional lender or financial institution selected by the Borrower (individually and collectively, the "Lender"), as provided herein. The HRA will loan the proceeds of the Bonds to the Borrower (the "Loan") in order to finance the Project.

(c) The proceeds derived from the sale of the Bonds are to be loaned by the HRA to the Borrower pursuant to the terms of one or more Loan Agreements to be dated on or after September 1, 2018 (collectively the "Loan Agreements") between the HRA and the Borrower. Proceeds of the Bonds, and other funds of the Borrower will be applied by the Borrower to finance the Project. Pursuant to the Loan Agreements, the Borrower will agree to repay the Loan in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Bonds. In addition, the Loan Agreements contain provisions relating to the construction, equipping, maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or

permitted by the Act and which the HRA and the Borrower deem necessary or desirable for the financing of the Project.

(d) Pursuant to one or more Pledge Agreements to be dated on or after September 1, 2018 (collectively the "Pledge Agreements") to be entered into between the HRA and the Lender, the HRA will pledge and grant a security interest in all of its rights, title, and interest in the Loan Agreements to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses).

(e) The Bonds will be subject to one or more Continuing Covenant Agreements to be dated on or after September 1, 2018 (the "Continuing Covenant Agreements") to be entered into between the Lender and the Borrower.

(f) The Bonds will be subject to a Bond Compliance Agreement to be dated on or after September 1, 2018 (the "Compliance Agreement") to be entered into between the HRA and the Borrower.

(g) The Loan and the Bonds will be further secured by the HealthPartners Obligated Group, Series 2018 Master Note in one or more series issued under and pursuant to one or more supplemental indentures, supplementing and amending the Master Trust Indenture, dated as of October 15, 2003, (the "MTI") among the Borrower, certain other persons referred to therein as "Obligors", and Wells Fargo Bank, National Association in Minneapolis, Minnesota as trustee (the "Master Trustee").

(h) The Bonds will be special, limited obligations of the HRA. The Bonds shall not be payable from or a charge upon any funds other than the revenues pledged to the payment thereof, nor shall the HRA or the City be subject to any liability thereon. No holder of any Bond shall ever have the right to compel any exercise of the taxing power of the HRA or the City to pay the Bonds or the interest thereon, nor to enforce payment thereof against any property of the HRA or the City. The Bonds shall not constitute a debt of the HRA or the City within the meaning of any constitutional, charter or statutory limitation.

(i) It is desirable, feasible and consistent with the objects and purposes of the Act to issue the Bonds, for the purpose of financing the costs of the Project.

(j) Application has been made to the Commissioner of the Department of Employment and Economic Development of the State of Minnesota for approval of the Project as tending to further the purposes and policies of the Act. The Bonds shall not be sold to the Lender unless and until such approval is obtained.

SECTION 2. THE BONDS.

2.1 Authorized Amount. The Bonds are hereby approved and shall be issued pursuant to this Resolution in substantially the form on file with the Executive Director of the HRA with such appropriate variations, omissions and insertions as are necessary and appropriate and are permitted or required by this Resolution, and in accordance with the further provisions hereof. Each Bond shall be issued in a denomination equal to its entire principal amount which shall be an amount not less than \$100,000. The Bonds shall mature in the year and amount and be subject to redemption as therein specified, as such may be modified by agreement of the Lender, Borrower and the HRA; and the total aggregate principal amount of the Bonds that may be outstanding hereunder is expressly

limited to \$50,000,000, unless any duplicate Bond is issued pursuant to Section 2.6. The actual aggregate amount of the Bonds shall be determined by the agreement of the Lender and the Borrower as evidenced by the execution of the Bonds by the Chair or any Commissioner and the Executive Director of the HRA, and the Director of the Office of Financial Services of the City (collectively, the "HRA Officials").

2.2 The Bonds. The Bonds shall be dated as of the date of delivery to the Lender, shall be payable at the times and in the manner, and shall be subject to such other terms and conditions, as are set forth therein. The Bonds shall bear interest at the rate set forth therein, determined by the Borrower and the Lender; provided that the interest rate on the Bonds shall not exceed 4.00% per annum; provided that such rate shall be subject to adjustment pursuant to the terms as set forth in the Bonds and the Continuing Covenant Agreements.

2.3 Execution of Bonds. The Bonds shall be executed on behalf of the HRA by the HRA Officials and the seal of the HRA may be intentionally omitted as provided by law. In case any HRA Official whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. In the event of the absence or disability of any of the HRA Officials such officer(s) of the HRA as, in the opinion of the City Attorney, may act in their behalf, shall without further act or authorization of the Board execute and deliver the Bonds.

2.4 Disposition of Proceeds of the Bonds. Upon delivery of the Bonds to Lender, the Lender shall, on behalf of the HRA, disburse the purchase price thereof for the payment of Project costs in accordance with the terms of the Loan Agreements and the Continuing Covenant Agreements.

2.5 Registration of Transfer. The HRA will cause to be kept at the office of the Executive Director a Bond Register in which, subject to such reasonable regulations as it may prescribe, the HRA shall provide for the registration of transfers of ownership of each of the Bonds. The Bonds shall be initially registered in the name of the Lender and, subject to the limitations on transfer provided herein, shall be transferable upon the applicable Bond Register by the Lender in person or by its agent duly authorized in writing, upon surrender of the Bond together with a written instrument of transfer satisfactory to the Executive Director, duly executed by the Lender or its duly authorized agent. The HRA will require, as a precondition to any transfer, that the transferee provide to the HRA a purchaser letter or certification in a form satisfactory to the HRA and other evidence satisfactory to the HRA that the transferee is a qualified institutional buyer under the securities laws that acquires any of the Bonds for its own account or is an affiliate of the Lender who is a qualified institutional buyer under the securities laws that acquires any of the Bonds for its own account. The following form of assignment shall be sufficient for said purpose.

For value received _____ hereby sells, assigns and transfers unto _____ the attached Bond of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, and does hereby irrevocably constitute and appoint _____ attorney to transfer said Bond on the books of said Authority with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Sections 2.5 and 2.8 of the Resolution authorizing the issuance of the Bond.

Dated:

Registered Owner

Upon such transfer the Executive Director of the HRA shall note the date of registration and the name and address of the successor Lender in the applicable Bond Register and in the registration blank appearing on such Bond.

2.6 Mutilated, Lost or Destroyed Bonds. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the HRA shall, if not then prohibited by law, cause to be executed and delivered, a new Bond of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon payment by the Lender of the reasonable expenses and charges of the HRA in connection therewith, and in the case of a Bond destroyed or lost, the filing with the HRA of evidence satisfactory to the HRA with indemnity satisfactory to it. If the mutilated, destroyed or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

2.7 Ownership of Bonds. In accordance with the policy of the HRA, the Lender will be required to execute and deliver a purchaser letter or certification to the HRA, confirming that the Lender is either (a) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”), that acquires any of the Bonds for its own account, or (b) an affiliate of the Lender who is a “qualified institutional buyer” that acquires any of the Bonds for its own account. The HRA may deem and treat the person in whose name a Bond is last registered in the applicable Bond Register and by notation on the Bond, whether or not such Bond shall be overdue, as the absolute owner of such Bond for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the HRA shall not be affected by any notice to the contrary.

2.8 Limitation on Bond Transfers. Each Bond will initially be issued to a “qualified institutional buyer” and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Bonds may not be assigned or transferred in whole or part, except to another “qualified institutional buyer” or an affiliate of the Lender who is a “qualified institutional buyer” as provided herein. The HRA will require, as a precondition to any transfer, that the transferee provide to the HRA a purchaser letter or certification in a form satisfactory to the HRA and other evidence satisfactory to the HRA that the transferee is an affiliate of the Lender who is a “qualified institutional buyer” or is a “qualified institutional buyer” as provided herein.

2.9 Issuance of a New Bond. Subject to the provisions of Section 2.8, the HRA shall, at the request and expense of the Lender, issue a new Bond, in aggregate outstanding principal amount equal to that of the Bond surrendered, and of like tenor except as to number, principal amount, and the amount of the periodic installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

SECTION 3. MISCELLANEOUS.

3.1 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case

or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in this Resolution shall not affect the remaining portions of this Resolution or any part thereof.

3.2 Authentication of Transcript. The officers of the HRA are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the validity of the Bonds. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the HRA as to the correctness of all statements contained therein.

3.3 Authorization to Execute Agreements. The proposed forms of the Loan Agreements, the Compliance Agreement and the Pledge Agreements (collectively and, together with such other documents as Bond Counsel considers appropriate in connection with the issuance of the Bonds, the "Financing Documents") are hereby approved in substantially the forms on file with the HRA, together with such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel prior to the execution of the documents. The HRA Officials are authorized to execute the Bonds, the Loan Agreements, the Compliance Agreement, the Pledge Agreements and any other Financing Documents to which the HRA is a party and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Bonds, in the name of and on behalf of the HRA. In the event of the absence or disability of any of the HRA Officials, such officer(s) of the HRA as, in the opinion of the City Attorney for the HRA, 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 HRA herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

3.4 Future Amendments. The authority to approve, execute and deliver future amendments to the Financing Documents entered into by the HRA in connection with the issuance of the Bonds and any consents required under the Financing Documents is hereby delegated to the Executive Director of the HRA, subject to the following conditions: (a) such amendments or consents do not require the consent of the holder of the Bonds or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the HRA; (c) such amendments or consents do not contravene or violate any policy of the HRA; and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the HRA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Executive Director shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Executive Director any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the HRA or the City authorized to act in his or her place and stead.

3.5 Governmental Program. The HRA has established a governmental program of acquiring purpose investments for qualified 501(c)(3) organizations' projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

- (a) the program involves the origination or acquisition of purpose investments;
- (b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;
- (c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;
- (d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and
- (e) the HRA shall not waive the right to treat the investment as a program investment.

3.6 Costs; Indemnification by Borrower. The Borrower has agreed and it is hereby determined that any and all costs incurred by the HRA in connection with financing the Project will be paid by the Borrower whether or not the Bonds are issued and whether or not the Project is carried to completion. It is understood and agreed that the Borrower shall indemnify the HRA against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the HRA) arising with respect to the Project, the Financing Documents, or the Bonds, as further provided in the Loan Agreements. In addition, the Borrower shall pay the administrative fee of the HRA as provided in the Loan Agreements.

3.7 Headings; Terms. Paragraph headings in this resolution are for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof. Capitalized terms used, but not defined, herein shall have the meanings given them in, or pursuant to, the Financing Documents.