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Title: Resolution Approving the Issuance and Sale of Conduit Health Care Facility Revenue Refunding Bonds, Series 2014 and Authorizing the Execution of Documents Relating Thereto (HealthPartners Obligated Group Project), District 17, Ward 2.

Sponsors: Dave Thune

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Attachments: 1. Board Report - HealthPartners Conduit Bond Refunding, 2. Attachment B - HealthPartners Conduit Bond Refunding MAP

Date	Ver.	Action By	Action	Result
2/12/2014	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution Approving the Issuance and Sale of Conduit Health Care Facility Revenue Refunding Bonds, Series 2014 and Authorizing the Execution of Documents Relating Thereto (HealthPartners Obligated Group Project), 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 to promote the welfare of the state by the active attraction and encouragement and development of economically sound industry and commerce to prevent so far as possible the emergence of blighted and marginal lands and areas of chronic unemployment;

(b) Factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land use which will provide an adequate tax base to finance these increased costs and the need for access to employment opportunities for such population;

(c) The Board of Commissioners (the "Board") of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Issuer") has received from Regions Hospital ("Regions") and Group Health Plan, Inc. ("Group Health" and, together with Regions, the "Borrowers"), both Minnesota nonprofit corporations organized under the laws of the State of Minnesota, a proposal that the Issuer assist in refinancing certain health care facilities hereinafter described through the issuance of revenue bonds, as further defined below, the "Bonds", pursuant to the Act;

(d) The Issuer 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 Issuer in achieving those objectives and will enhance the image and reputation of the community;

(e) The "Project" to be financed or refinanced by the Bonds consists of refunding the (i) Issuer's Health Care Revenue Bonds, Series 1998 (Regions Hospital Project) (the "Series 1998 Bonds") in the original aggregate principal amount of \$50,000,000, the proceeds of which were used to expand, improve, remodel, equip and furnish Regions' medical facilities located at the intersection of Jackson Street and University Avenue in the City of Saint Paul, Minnesota (the "City"), including the construction of an approximately 52,000 square foot women's health center and an atrium entry, the remodeling of existing facilities, including the remodeling of inpatient space, the construction, renovation and equipping of space for a gastroenterology center, cardiac care center, surgical center, critical care unit, and oncology center, various physical plant, infrastructure and parking improvements, and the acquisition of medical and information services equipment (the "1998 Project") and (ii) the Health Care Facility Revenue Bonds, Series 2003 (HealthPartners Obligated Group Project) (the "Series 2003 Bonds") issued jointly by the Issuer and the City of Minneapolis, Minnesota ("Minneapolis") in the original aggregate principal amount of \$80,440,000, the proceeds of which were used to refund the Health Care Facility Revenue Bonds, Series 1992, previously issued jointly by the Issuer and Minneapolis, and finance or refinance various capital expenditures made by the Group Health at facilities located in various municipalities in the State of Minnesota (the "2003 Project"). The facilities included in the Project will be owned and operated by the Borrowers;

(f) The Issuer has been advised by representatives of the Borrowers that conventional, commercial financing to refinance 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; and

(g) Based on representations of the Borrowers, no public official of the Issuer 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; and

(h) A new public hearing on the issuance of the Bonds is not required pursuant to an exception for refunding bonds; and

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.

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

(a) The Issuer 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 Refunding Bond (HealthPartners Obligated Group Project), Series 2014A (the "Series 2014A Bond") and Health Care Facility Revenue Refunding Bond (HealthPartners Obligated Group Project), Series 2014B (the "Series 2014B Bond" and, together with the Series 2014A Bond, the "Bonds") for the purpose, in the manner and upon the terms and conditions set forth in the Act and in this Resolution.

(b) Minneapolis has consented to the issuance of the Series 2014B Bond to refund the Series 2003 Bonds.

(c) The issuance and sale of the Bonds by the Issuer, pursuant to the Act, is in the best interest of the Issuer, and the Issuer hereby determines to issue the Bonds and to sell the Bonds to Compass Mortgage Corporation, or another financial institution selected by the Borrowers (the "Lender"), as provided herein. The Issuer will loan the proceeds of the Series 2014A Bond to Regions (the "2014A Loan") and will loan the proceeds of the Series 2014B Bond to Group Health (the "2014B Loan" and, together with the 2014A Loan, the "Loans") in order to refinance the Project.

(d) Pursuant to a Loan Agreement (the “2014A Loan Agreement”) to be entered into between the Issuer and Regions, Regions has agreed to repay the 2014A 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 Series 2014A Bond. In addition, the 2014A Loan Agreement contains provisions relating to the maintenance and operation of the 1998 Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the Issuer and Regions deem necessary or desirable for the refinancing of the 1998 Project.

(e) Pursuant to a Loan Agreement (the “2014B Loan Agreement” and, together with the 2014A Loan Agreement, the “Loan Agreements”) to be entered into between the Issuer and Group Health, Group Health has agreed to repay the 2014B 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 Series 2014B Bond. In addition, the 2014B Loan Agreement contains provisions relating to the maintenance and operation of the 2003 Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the Issuer and Group Health deem necessary or desirable for the refinancing of the 2003 Project.

(f) Pursuant to a Pledge Agreement (the “2014A Pledge Agreement”) to be entered into between the Issuer and the Lender, the Issuer has pledged and granted a security interest in all of its rights, title, and interest in the 2014A Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses).

(g) Pursuant to a Pledge Agreement (the “2014B Pledge Agreement” and, together with the 2014A Pledge Agreement, the “Pledge Agreements”) to be entered into between the Issuer and the Lender, the Issuer has pledged and granted a security interest in all of its rights, title, and interest in the 2014B Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses).

(h) The Loans and the Bonds will be further secured by the HealthPartners Obligated Group, Series 2014A Master Note and the HealthPartners Obligated Group, Series 2014B Master Note issued under and pursuant to Supplemental Indenture No. 6 and Supplemental Indenture No. 7, respectively, supplementing and amending the Master Trust Indenture, dated as of October 15, 2003, among the Borrowers, certain other persons referred to therein as “Obligors”, and Wells Fargo Bank, National Association in Minneapolis, Minnesota as trustee (the “Master Trustee”).

(i) The Bonds will be special, limited obligations of the Issuer. 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 Issuer or the City be subject to any liability thereon. No holder of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer or the City to pay the Bonds or the interest thereon, nor to enforce payment thereof against any property of the Issuer or the City. The Bonds shall not constitute a debt of the Issuer or the City within the meaning of any constitutional, charter or statutory limitation.

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

SECTION 2. THE BONDS.

2.1 Authorized Amount and Form of Bonds. The Bonds are hereby approved and shall be issued pursuant to this Resolution in substantially the forms on file with the Issuer 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; and the total aggregate principal amount of the Bonds that may be outstanding hereunder is expressly limited to \$70,000,000, unless any duplicate Bond is issued

pursuant to Section 2.6. The Bonds shall bear interest at the rates set forth therein, determined by the Borrowers and the Lender; provided that the interest rate on the Series 2014A Bond shall not exceed 5.00% per annum and the interest rate on the Series 2014B Bond shall not exceed 4.00% per annum.

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.

2.3 Execution. The Bonds shall be executed on behalf of the Issuer by the signatures of its Chair or any Commissioner, the Executive Director, and the Director of the Office of Financial Services (collectively, the "Issuer Officials") and shall be sealed with the seal of the Issuer; provided that the seal may be intentionally omitted as provided by law. In case any officer 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 Issuer Officials such officer(s) of the Issuer 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 Issuer, advance the proceeds of the Series 2014A Bond to refund the Series 1998 Bonds in accordance with the terms of the 2014A Loan Agreement and advance the proceeds of the Series 2014B Bond to refund the Series 2003 Bonds in accordance with the terms of the 2014B Loan Agreement.

2.5 Registration of Transfer. The Issuer 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 Issuer shall provide for the registration of transfers of ownership of the Bonds. The Bonds shall be initially registered in the name of the Lender and 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 following form of assignment shall be sufficient for said purpose.

For value received _____ hereby sells, assigns and transfers unto _____ the within 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 Section 2.8 of the Resolution authorizing the issuance of the Bond.

Dated:

Registered Owner

Upon such transfer the Executive Director 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 the Bond.

2.6 Mutilated, Lost or Destroyed Bond. In case the Bonds issued hereunder shall become mutilated or be destroyed or lost, the Issuer 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 the Lender's paying the reasonable expenses and charges of the Issuer in connection therewith, and in the case of a Bond destroyed or lost, the filing with the Issuer of evidence satisfactory to the Issuer 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 Bond. The Issuer may deem and treat the person in whose name the Bond is last registered in the 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 Issuer shall not be affected by any notice to the contrary.

2.8 Limitation on Bond Transfers. The Bonds will be issued to an “accredited investor” 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, nor may a participation interest in the Bonds be given pursuant to any participation agreement, except to another “accredited investor” or “financial institution” in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s).

2.9 Issuance of a New Bond. Subject to the provisions of Section 2.8, the Issuer 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 herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Resolution contained shall not affect the remaining portions of this Resolution or any part thereof.

3.2 Authentication of Transcript. The officers of the Issuer 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 Issuer as to the correctness of all statements contained therein.

3.3 Authorization to Execute Agreements. The forms of the proposed Loan Agreements and the Pledge Agreements are hereby approved in substantially the form on file with the Issuer, 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 Issuer Officials are authorized to execute the Loan Agreements and the Pledge Agreements and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Bonds (collectively, the “Financing Documents”), in the name of and on behalf of the Issuer. In the event of the absence or disability of any of the Issuer Officials, such officer(s) of the Issuer 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 Issuer herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. The execution by the Executive Director of a Memorandum of Understanding with the Borrowers regarding the issuance of the Bonds, the payment of costs, and related matters, is hereby authorized and

ratified.

3.4 Future Amendments. The authority to approve, execute and deliver future amendments to the Financing Documents entered into by the Issuer in connection with the issuance of the Bonds and any consents required under the Financing Documents is hereby delegated to the Executive Director, 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 Issuer; (c) such amendments or consents do not contravene or violate any policy of the Issuer, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the Issuer 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 Issuer or the City authorized to act in his/her place and stead.