



## Legislation Text

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**File #:** RES 21-101, **Version:** 2

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Approving the issuance of conduit revenue bonds by the Port Authority for the benefit of District Energy Saint Paul, Inc.

WHEREAS, under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152-469.1655, as amended (the "Act"), the Port Authority of the City of Saint Paul (the "Port Authority"), is authorized to issue revenue bonds to finance or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit; and

WHEREAS, District Energy Saint Paul, Inc., a Minnesota nonprofit corporation ("District Energy"), has proposed that the Port Authority issue its conduit revenue bonds designated as the following: (i) District Energy Revenue Bonds, Series 2021-1 (501(c)(3) Non-AMT) (the "Series 2021-1 Bonds"); and (ii) District Energy Revenue Bonds, Series 2021-2 (AMT) (the "Series 2021-2" and, collectively with the Series 2021-1 Bonds, the "Series 2021 District Energy Bonds"); and

WHEREAS, proceeds of the Series 2021 District Energy Bonds will be used by District Energy in order to (i) current refund the outstanding principal amount of the following indebtedness issued by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), for the benefit of District Energy: (a) \$5,230,000 original principal amount District Heating Revenue Bond, Series 2013C (501(c)(3)) ("Heating 2013C Bonds"), and (b) \$4,770,000 original principal amount District Cooling Revenue Bond, Series 2013C (501(c)(3)) ("Cooling 2013C Bonds" and, together with the Heating 2013C Bonds, the "Prior Bonds"), the proceeds of which were used to finance an extension of the System (defined below) and capital improvements to the Heating Plant (defined below) and Cooling Plant (defined below); (ii) finance certain improvements, extensions, and enhancements to the local hot water district heating system and the local chilled water district cooling system (the "System") of District Energy throughout downtown Saint Paul, Minnesota (the "City") and the surrounding area (generally described as bounded by Pennsylvania Avenue, Phalen Boulevard, and Cayuga Street on the North, Marion Street, Kellogg Boulevard, and Grand Avenue on the West, Caesar Chavez Street on the South, and State Highway 52 and Payne Avenue on the East); (iii) finance capital improvements to District Energy's heating plant located at 76 West Kellogg, Saint Paul, Minnesota 55102 (the "Heating Plant"); (iv) finance capital improvements to District Energy's cooling plant located at 229 10<sup>th</sup> Street East, Saint Paul, Minnesota 55101 (the "Cooling Plant") (the facilities described in items (i) through (iv) are hereinafter collectively referred to as the "Series 2021 Project"); (v) finance capitalized interest on the Series 2021 District Energy Bonds for a period of time and any necessary reserves to secure the Series 2021 District Energy Bonds; and (vi) pay costs of issuance for the Series 2021 District Energy Bonds; and

WHEREAS, the Series 2021 District Energy Bonds are proposed to be issued under the terms of the Bond Indenture of Trust, dated on or after February 1, 2021 (the "Bond Indenture"), between the Port Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee"); and

WHEREAS, the loan of the proceeds of the Series 2021 District Energy Bonds is proposed to be made by the Port Authority to District Energy pursuant to the terms of a Loan Agreement, dated on or after February 1, 2021 (the "Loan Agreement"), between the Port Authority and District Energy; and

WHEREAS, the payment obligations of District Energy under the Loan Agreement and the Bond Indenture will be secured by one or more obligations of District Energy issued under the terms of one or more supplements

to an Amended and Restated Master Trust Indenture, dated as of October 1, 2015 (as amended and supplemented from time to time, the “Master Indenture”), between District Energy, as obligated group representative, and U.S. Bank National Association, as master trustee (the “Master Trustee”); and

WHEREAS, under the terms of the Master Indenture, District Energy has pledged its gross revenues to secure any obligations issued under the Master Indenture and District Energy has also granted a mortgage on its Heating Plant and Cooling Plant to the Master Trustee as security for all obligations issued under the Master Indenture; and

WHEREAS, the revenue bonds proposed to be issued by the Port Authority to finance the Series 2021 Project and the related costs will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreement (which includes the revenues pledged under the obligation(s) issued by the Borrower under the Master Indenture); (ii) other revenues pledged to or otherwise received by District Energy, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; and (iii) other security provided or arranged by District Energy; and

WHEREAS, Minnesota Statutes, Chapter 469.084(11), provides that any issue of revenue bonds authorized by the Port Authority shall be issued only with the consent of the City Council of the City of Saint Paul, by resolution adopted in accordance with law; and

WHEREAS, to meet the requirements of state law, the Port Authority has requested that the City Council give its requisite approval to the issuance of the proposed Series 2021 District Energy Bonds by the Port Authority, subject to final approval of the details of said bonds by the Port Authority; and

WHEREAS, a public hearing (the “Public Hearing”) on the Series 2021 Project and the issuance of the Series 2021 District Energy Bonds was held by the Board of Commissioners of the Port Authority on January 26, 2021 after notice of such Public Hearing was published, and materials made available for public inspection at the offices of the Port Authority, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) and the Act, at which public hearing all those appearing who so desired to speak were heard.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Saint Paul, Minnesota, as follows:

Section 1. Consent. In accordance with the requirements of Minnesota Statutes 469.084(11), the City Council hereby approves the issuance of the aforesaid Series 2021 District Energy Bonds by the Port Authority for the purposes described in the Port Authority resolution adopted January 26, 2021, the exact details of which, including but not limited to, provisions relating to maturities, principal amount, interest rates, discount and redemption are to be determined by the Port Authority. As required by Section 147(f) of the Code, the City Council also hereby approves the Public Hearing previously held by the Board of Commissioners of the Port Authority.

Section 2. Severability. If any section, paragraph, or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity, or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of this Resolution.

Section 3. Headings. Headings in this Resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

