



Legislation Text

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Authorizing the issuance and negotiated sale of Taxable Revenue Refunding Notes (State of Minnesota Continuing Appropriation Grant), Series 2014, the proceeds of which are to be applied to the defeasance of the Sales Tax Revenue Refunding Bonds (Civic Center Project), Series 1996, issued by The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota; delegating to a Pricing Committee the authority to set the terms thereof within parameters set forth in this Resolution; fixing the form and specifications of the Series 2014 Notes; approving an Indenture of Trust and Related Documents; and directing the execution and delivery of the Series 2014 Notes, the Indenture of Trust, and related documents.

WHEREAS, under Laws of Minnesota 1993, Chapter 375, Article 9, Section 46, as amended (the "Local Sales Tax Act"), the City is authorized to impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, Chapter 297A, as amended, that occur within the City (the "Local Sales Tax"); and

WHEREAS, under the terms of the Local Sales Tax Act the Council of the City adopted resolutions approving the Local Sales Tax Act and imposing the Local Sales Tax; and

WHEREAS, under the terms of subdivision 2 of the Local Sales Tax Act, the City was authorized to use the revenues derived from the Local Sales Tax to pay all or a portion of the capital expenses of construction, equipment, and acquisition costs for the expansion and remodeling of the St. Paul Civic Center Complex, now known as the Saint Paul RiverCentre Complex ("RiverCentre") including the demolition of the existing arena and the construction and equipping of a new arena; and

WHEREAS, under the provisions of Minnesota Statutes, Section 469.001-469.047, as amended (the "HRA Act") and the Local Sales Tax Act, The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") issued its Sales Tax Revenue Bonds (Civic Center Project), Series 1993 (the "Series 1993 Bonds"), in the original principal amount of \$65,000,000, and under the terms of a Joint Pledge Agreement, dated as of November 1, 1993 (the "Original Pledge Agreement"), between the City, the HRA, Norwest Bank Minnesota, National Association, now known as Wells Fargo Bank, National Association, as trustee (the "Series 1993 Trustee"), and the Civic Center Authority, now known as the Saint Paul RiverCentre Convention & Visitors Authority (the "Authority"), there was pledged to payment of the Series 1993 Bonds the following: (i) proceeds received by the City from the Local Sales Tax; and (ii) net revenues received by the Authority from the operation of the RiverCentre; and

WHEREAS, under applicable provisions of the HRA Act and the Local Sales Tax Act, and under the terms of an Indenture of Trust, dated as of April 1, 1996 (the "Series 1996 Indenture"), between the HRA and Norwest Bank Minnesota, National Association, now known as Wells Fargo Bank, National Association, as trustee (the "Series 1996 Trustee"), the HRA issued its Sales Tax Revenue Refunding Bonds (Civic Center Project), Series 1996 (the "Series 1996 Bonds"), in the original principal amount of \$55,865,000, and applied the proceeds of the Series 1996 Bonds to the advance refunding of the Series 1993 Bonds; and

WHEREAS, the Series 1996 Bonds were secured under the terms of the Original Pledge Agreement, as amended by a First Amendment to Pledge Agreement, dated as of April 1, 1996, between the City, the HRA, the Series 1996 Trustee, and the Authority, by a pledge of the following: (i) proceeds received by the City from the Local Sales Tax; and (ii) net revenues received by the Authority from the operation of the RiverCentre; and

WHEREAS, under the terms of Section 3-1 of the Series 1996 Indenture, the Series 1996 Bonds are subject to redemption at the option of the HRA on November 1, 2015, at a redemption price equal to the sum of the principal amount of the Series 1996 Bonds to be redeemed, plus a premium equal to three percent (3%) of the principal amount of the Series 1996 Bonds to be redeemed, plus accrued interest to the date of redemption; and

WHEREAS, the HRA may pay and discharge the Series 1996 Bonds prior to November 1, 2015, by

irrevocably depositing in escrow with the Trustee investments of the types described in Section 12-6(5) of the Series 1996 Indenture; and

WHEREAS, under Laws of Minnesota 2012, Chapter 299, Article 1, Section 5(a), as codified in Minnesota Statutes, Section 16A.726(c) (the "Grant Act"), \$2,700,000 is annually appropriated from the General Fund of the State of Minnesota from fiscal year 2014 through fiscal year 2033 to the Commissioner of the Minnesota Department of Management and Budget ("MMB") for a grant to the City for the operating or capital costs of new or existing sports facilities; and

WHEREAS, under the terms of a General Fund Grant Agreement Annual Appropriation Grant for the City of Saint Paul Sports Facilities Project, effective as of December 9, 2013 (the "Grant Agreement"), between the City and MMB, the MMB has agreed to make a grant of money to the City in the annual amount of \$2,700,000 for the fiscal years 2014 through 2033 (the "Grant Revenues") to be used by the City to reimburse itself for expenditures the City has made since July 1, 2013, and to pay or reimburse itself for future expenditures for the operating or capital costs of new or existing sports facilities to be operated by the City as sports facilities (or for such other uses as the Minnesota Legislature may from time to time designate); and

WHEREAS, the Office of Financial Services has recommended that the City issue Taxable Revenue Refunding Notes (State of Minnesota Continuing Appropriation Grant), Series 2014 (the "Series 2014 Notes" or the "Notes"), under the terms of Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), and the Grant Act, in the original aggregate principal amount not to exceed \$40,000,000, and apply the proceeds derived from the sale of the Series 2014 Notes to: (i) the immediate defeasance of the entire outstanding principal amount of the Series 1996 Bonds and the optional redemption and prepayment on November 1, 2015, of the entire outstanding principal amount of the Series 1996 Bonds; (ii) payment of the costs of issuing the Series 2014 Notes (including any underwriters' or placement agents' compensation); and (iii) other eligible projects as authorized by the Grant Act and Grant Agreement; and

WHEREAS, by Resolution 14-558 adopted on April 2, 2014 (the "Preliminary Resolution"), the City Council has given preliminary approval to the issuance of the Series 2014 Notes; and

WHEREAS, in accordance with the terms of the Preliminary Resolution, the City has retained Springsted Incorporated as its independent financial advisor with respect to the sale of the Series 2014 Notes and is conducting the sale of the Series 2014 Notes in accordance with the provisions of Section 475.60 of the Municipal Debt Act; and

WHEREAS, in accordance with the terms of the Preliminary Resolution, the City has engaged Piper Jaffray & Co. and Wells Fargo Securities (the "Placement Agents") to act as placement agents with respect to the Series 2014 Notes and, after consultation with Springsted Incorporated, it has been determined that a placement of the Series 2014 Notes with one or more institutional investors (collectively, the "Purchasers") will provide for the most efficient and cost-effective financing structure; and

WHEREAS, the Office of Financial Services of the City has presented a proposal to delegate to a pricing committee (the "Pricing Committee") the negotiations with the Placement Agents and the Purchasers for the sale of the Series 2014 Notes; and

WHEREAS, the Pricing Committee shall consist of the Director, Office of Financial Services or his designee, the City Debt Manager or his designee, and a representative of Springsted Incorporated; and

WHEREAS, the Series 2014 Notes are not secured by a pledge of the full faith and credit or taxing powers of the City, but are secured solely by a pledge of the Grant Revenues to be made by MMB under the terms of the Grant Act and by the Grant Agreement and certain other pledged revenues;

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

Section 1. Sale and Issuance of Series 2014 Notes.

1.01. Issuance of Series 2014 Notes. The Series 2014 Notes are hereby authorized to be issued, sold, and delivered in a principal amount not to exceed \$40,000,000. The Series 2014 Notes shall be issued as special, limited obligations of the City and shall be payable solely from the revenues and funds pledged therefor under the terms of an Indenture of Trust, to be date on or after August 1, 2014 (the "Indenture"), between the City and U.S. Bank National Association, a national banking association, as trustee (the "Trustee"). The Series 2014 Notes shall be issued as fixed-rate obligations. The Series 2014 Notes shall be designated, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity,

shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Indenture (in the form now on file with the City, with the amendments referenced herein). The Series 2014 Notes are hereby authorized to be issued as "taxable bonds" the interest on which is includable in gross income for federal and State of Minnesota income tax purposes. The Series 2014 Notes are hereby authorized to be issued in accordance with the provisions of the Municipal Debt Act and the Grant Act and under the terms of this resolution (the "Resolution") and the Indenture. The proceeds derived from the sale of the Series 2014 Notes shall be applied to: (i) the immediate defeasance of the entire outstanding principal amount of the Series 1996 Bonds and the optional redemption and prepayment on November 1, 2015, of the entire outstanding principal amount of the Series 1996 Bonds; (ii) payment of the costs of issuing the Series 2014 Notes (including the compensation of the Placement Agents); and (iii) other eligible projects as authorized by the Grant Act and Grant Agreement;

1.02. Sale of Series 2014 Notes. It is hereby found and determined to be in the best interests of the City to issue and sell the Series 2014 Notes to the Purchasers subject to the approval of the Pricing Committee and compliance with the parameters set forth below. The Pricing Committee may approve the sale of the Series 2014 Notes to the Purchasers on terms and at a purchase price within the following limitations: (a) the total original aggregate principal amount of the Series 2014 Notes shall not exceed \$40,000,000; (b) the combined interest rate on the Series 2014 Notes shall not exceed 5.50%; and (c) the Series 2014 Notes shall mature not later than eighteen and one-half years from their date of issuance.

1.03. Revenue Obligations Neither the Series 2014 Notes, nor the interest thereon, shall constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation; nor shall the Series 2014 Notes constitute or give rise to a pecuniary liability of the City, except from the revenues and funds expressly pledged to payment of the debt service on the Series 2014 Notes under the terms of this Resolution and the Indenture. The Series 2014 Notes shall not constitute a charge against any taxing powers of the City and the full faith and credit of the City is not pledged to the payment of the Series 2014 Notes or interest thereon.

1.04. Form of Series 2014 Notes; Execution and Delivery. All of the provisions of the Series 2014 Notes, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Series 2014 Notes shall be substantially in the form or forms set forth in the Indenture, which form or forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the name of the Series 2014 Notes, the aggregate principal amount of the Series 2014 Notes, the stated maturities of the Series 2014 Notes and the maturity dates of the Series 2014 Notes, the interest rates on the Series 2014 Notes, and the terms of optional and mandatory redemption of the Series 2014 Notes) as the Director, Office of Financial Services, in his discretion, shall determine. The execution of the Series 2014 Notes with the manual or facsimile signatures of the Mayor or the Mayor's designee, the City Clerk or the City Clerk's designee, and the Director, Office of Financial Services or his designee (collectively, the "City Officials"), and the delivery of the Series 2014 Notes by the City shall be conclusive evidence of such determination.

Section 2. Principal Documents.

2.01. Indenture. The City Officials are hereby authorized to execute and deliver the Indenture. All of the provisions of the Indenture, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Indenture shall be substantially in the form on file with the City, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the Director, Office of Financial Services, in his discretion, shall determine, and the execution and delivery thereof by the City Officials shall be conclusive evidence of such determination. U.S. Bank National Association, a national banking association, is hereby appointed as the initial Trustee.

2.02. Escrow Agreement. In order to provide for the defeasance of the Series 1996 Bonds, the City Officials are hereby authorized to execute and deliver an Escrow Agreement, to be dated on or after August 1, 2014 (the "Escrow Agreement"), between the City, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, the Series 1996 Trustee, and the Series 1996 Trustee, in its capacity as escrow agent

(the "Escrow Agent"). All of the provisions of the Escrow Agreement, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Escrow Agreement shall be substantially in the form on file with the City, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the Director, Office of Financial Services, in his discretion, shall determine, and the execution and delivery thereof by the City Officials shall be conclusive evidence of such determination.

2.03. Purchase Agreements. The City Officials are hereby authorized and directed to execute and deliver any agreements between the City and the Placement Agents and any agreements between the City and the Purchasers (collectively, the "Purchase Agreements"), if such execution and delivery is deemed necessary and appropriate by the Director, Office of Financial Services, the City Attorney, and bond counsel to the City ("Bond Counsel"). All of the provisions of the Purchase Agreements, when executed and delivered as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Purchase Agreements shall be substantially in the forms on file with the City which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Director, Office of Financial Services, in his discretion, shall determine, and the execution thereof by the City Officials shall be conclusive evidence of such determination.

2.04. Execution and Delivery of Documents. It is hereby found, determined, and declared that: (i) the issuance and sale of the Series 2014 Notes, the execution and delivery by the City of the Indenture, the Escrow Agreement, and the Purchase Agreements (collectively, the "Documents"), and the performance of all covenants and agreements of the City contained in the Documents, and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Documents and the Series 2014 Notes valid and binding obligations of the City in accordance with their terms, are authorized by the Municipal Debt Act and the Grant Act; and (ii) it is desirable that the Series 2014 Notes be issued by the City and that the Documents be prepared and executed to facilitate that issuance on the general terms described herein and in the Board memorandum presented at this meeting. The Trustee is hereby authorized and directed to execute and deliver the Documents to which it is a party and the Trustee is hereby authorized to take all actions permitted or required of the Trustee by the terms of the Documents.

2.05. Closing Documents. The City Officials are authorized and directed to prepare and furnish to the Placement Agents, the Purchasers, and Bond Counsel certified copies of proceedings and records of the City relating to issuance of the Series 2014 Notes and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Series 2014 Notes and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

2.06. Additional Documents. The approval hereby given includes authorization for the City Officials to negotiate and finalize the Documents and includes approval of, among other things, such related instruments, contracts, and other documents as may be required to satisfy the conditions of the Placement Agents, any Purchaser of the Series 2014 Notes, the parties to the Documents, and the City Attorney and Bond Counsel.

Section 3. Disclosure Documents. The City Officials, with the assistance of the Office of Financial Services, Springsted Incorporated, the Placement Agents, the City Attorney, and Bond Counsel, are hereby authorized to prepare or provide for the preparation of a Private Placement Memorandum (including a Preliminary Private Placement Memorandum), or another form of disclosure document or documents (collectively, the "Disclosure Documents") to be distributed in connection with the offer and sale of the Series 2014 Notes. The Disclosure Documents are hereby authorized to be distributed with such modifications thereto, deletions therefrom, and additions thereto as may be necessary and appropriate and approved by the Director, Office of Financial Services, the City Attorney, and Bond Counsel. If requested by the Purchasers, and if deemed appropriate by the Director, Office of Financial Services, the City Officials are hereby authorized to execute the Disclosure Documents.

Section 4. Amendments to Documents. The authority to approve, execute, and deliver future

amendments to the Documents and other financing documents entered into by the City in connection with the issuance of the Series 2014 Notes and the other transactions herein contemplated, is hereby delegated to the Director, Office of Financial Services, subject to the following conditions: (i) such amendments do not require the consent of the holders of the Series 2014 Notes, or if such consent is required it has been obtained; (ii) such amendments do not materially adversely affect the interests of the City as the issuer of the Series 2014 Notes; (iii) such amendments do not contravene or violate any policy of the City; and (iv) such amendments are acceptable in form and substance to the City Attorney and Bond Counsel. The execution of any instrument by the Director, Office of Financial Services shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

Section 5. Limitations on Liability. No covenant, stipulation, obligation, or agreement contained herein or in the Documents shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the City Council, or any officer, agent, or employee of the City in that persons individual capacity, and neither the City Council nor any officer executing the Series 2014 Notes shall be liable personally on the Series 2014 Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 6. Severability. In case any one or more of the provisions of this Resolution, or of the aforementioned Documents, or of the Series 2014 Notes issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, or of the aforementioned Documents, or of the Series 2014 Notes, but this Resolution, the aforementioned Documents, and the Series 2014 Notes shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

Section 7. 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.