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Title: Resolution of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, Approving Issuance of Refunding Bonds Under the Minnesota Municipal Industrial Development Act, and Approving and Authorizing the Execution of Documents In Connection Therewith (HealthEast Care System Project), Citywide.

Sponsors: Dave Thune

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Attachments: 1. HRA Staff Report HealthEastRefunding.pdf, 2. AttachmentB-FinancingSummaryHealthEast.pdf

Date	Ver.	Action By	Action	Result
10/10/2012	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, Approving Issuance of Refunding Bonds Under the Minnesota Municipal Industrial Development Act, and Approving and Authorizing the Execution of Documents In Connection Therewith (HealthEast Care System Project), Citywide.

Recitals:

It is hereby found, determined and declared:

(a) Under Minnesota Statutes, Sections 469.152 through 469.1651, cited as the "Municipal Industrial Development Act" (the "Act"), the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is authorized to issue health care facilities revenue bonds to refund outstanding bonds; and

(b) HealthEast Care System, a Minnesota non-profit corporation (the "Borrower") has proposed that the HRA pursuant to which Act issue hospital facility revenue bonds (the "Revenue Bonds") to refund prior bonds previously issued by the Washington County Housing and Redevelopment Authority (the "Washington County HRA") to finance a project as defined in the Act; and

(c) The Bonds being refunded (the "Prior Bonds") are as follows: Washington County Housing and Redevelopment Authority - \$49,135,000 original principal amount Hospital Facility Revenue Bonds (HealthEast Project), Series 1998; and

(d) The Prior Bonds financed portions of the construction of and the equipping of facilities for the HealthEast Woodwinds facility located in Woodbury, Minnesota (the facilities financed from the proceeds of the Prior Bonds are herein collectively referred to as the "Project"); and

(e) The Borrower has proposed that the HRA issue its Revenue Bonds in two series for the purpose of refunding the Prior Bonds and paying for related issuance expenses in an approximate maximum aggregate principal amount of \$41,000,000; and

(f) The Borrower's proposal calls for the HRA, the Borrower and GE Government Finance, Inc., as purchaser of one series of the Revenue Bonds (the "Series 2012B Purchaser"), to enter into a loan agreement (the "Series 2012B Loan Agreement") pursuant to which the HRA will lend the proceeds of one series of the Revenue Bonds (as described below) to the Borrower to refund a portion of the Prior Bonds and to pay a portion of the costs of issuing the Revenue Bonds and pursuant to which the HRA will issue a portion

of the Revenue Bonds, consisting of its Hospital Facility Revenue Refunding Bonds (HealthEast Care System Project), Series 2012B (the "Series 2012B Bonds"); and

(g) The proposal also provides that, concurrently with the issuance of the Series 2012B Bonds, the Borrower will issue a master note (the "Series 2012B Master Note") under that certain Master Indenture, dated November 1, 1987 (as supplemented and amended from time to time (the "Master Indenture"), as to be supplemented by a supplemental indenture ("Supplemental Indenture No. 11"), which Series 2012B Master Note will be issued to the HRA and assigned by the HRA to, or issued directly to, the Series 2010B Purchaser as security for payment of the Series 2012B Bonds and all payment obligations of the Borrower under the Series 2012B Loan Agreement except pursuant to Unassigned Rights as referred to therein; and

(h) The proposal also provides that the Series 2012B Master Note will be secured by that certain Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement, dated as of August 1, 2005 (as amended from time to time, the "Mortgage"), as provided by a second amendment to the Mortgage (the "Second Amendment to Mortgage"); and

(i) The proposal also calls for the Borrower and the HRA to enter into a loan agreement (the "Series 2012C Loan Agreement", together with the Series 2012B Loan Agreement, the "Loan Agreements") pursuant to which the HRA will lend the proceeds of one series of Revenue Bonds (as described below) to the Borrower to refund a portion of the Prior Bonds and to pay a portion of the costs of issuance of the Revenue Bonds; and

(j) The proposal also provides that the HRA and Wells Fargo Bank, National Association, as trustee (the "Series 2012C Trustee") will enter into a bond trust indenture (the "Series 2012C Bond Indenture") pursuant to which the HRA will issue a portion of the Revenue Bonds consisting of its Hospital Facility Revenue Refunding Bonds (HealthEast Care System Project), Series 2012C (the "Series 2012C Bonds", collectively with the Series 2012B Bonds, the "Revenue Bonds"); and

(k) The proposal also provides that, concurrently with the issuance of the Series 2012C Bonds, the Borrower will issue a master note (the "Series 2012C Master Note", together with the Series 2012B Master Note, the "Master Notes") under the Master Indenture, as to be supplemented by a supplemental indenture ("Supplemental Indenture No. 12", together with the Supplemental Indenture No. 11, the "Supplemental Indentures"), which Series 2012C Master Note will be issued to the HRA and assigned by the HRA to, or issued directly to, the Series 2012C Trustee as security for the payment of the Series 2012C Bonds and all payment obligations of the Borrower under the Series 2012C Loan Agreement except pursuant to Unassigned Rights as referred to therein; and

(l) The proposal also provides that the Series 2012C Master Note will be secured by the Mortgage as provided by the Second Amendment to Mortgage; and

(m) The proposal also provides that the Series 2012B Bonds will be purchased by the Series 2012B Purchaser and that the Series 2012C Bonds will be purchased by Siemens Public, Inc. (the "Series 2012C Purchaser", together with the Series 2012B Purchaser, the "Purchasers"); and

(n) The Borrower will be obligated under the Loan Agreements to make payments at the times and in the amounts sufficient to provide for the prompt payment of principal of, premium, if any, and interest on, the applicable series of the Revenue Bonds and all costs and expenses of the HRA incident to the issuance and sale of the Revenue Bonds; and

(o) The undertaking of the Project, including the refunding of the Prior Bonds and the issuance of the Revenue Bonds to finance the cost thereof, will further promote the public purposes and legislative objectives of the Act by providing substantial inducement for the continuation of the health care operations of the Borrower in the City of Saint Paul (the "City") and the surrounding community; and

(p) Neither the full faith and credit of the City nor the full faith and credit of the HRA will be pledged or responsible for the Project or for the payment of the principal of, premium, if any, and interest on the Revenue Bonds; and

(q) A public hearing on the Project was held before the Washington County HRA on June 5, 1998, after notice was published and after materials were made available for inspection at the offices of the Washington County HRA, all as required by Section 469.154, Subdivision 4, of the Act, and federal tax law, at which public hearing all those appearing who desired to speak were heard; and

(r) The Washington County HRA adopted Resolution No. 98-18 on June 5, 1998 giving

preliminary approval to the Project and authorizing the submission of the proposed Project to the Department of Trade and Economic Development ("DTED") for approval; and

(s) The Board of Commissioners of the Washington County HRA approved the issuance of the Prior Bonds on June 9, 1998; and

(t) DTED approved the Project on June 11, 1998; and

(u) The Washington County HRA, the original issuer of the Prior Bonds, has given its consent on September 18, 2012 to the issuance of the Revenue Bonds to refund the Prior Bonds as required under Minnesota Statutes, Section 469.155, Subd. 12; and

(v) The Borrower, after conferring with bond counsel as to legal requirements, has informed the HRA that an additional public hearing or additional project approval is not required under state law and an additional public hearing is not required under federal tax law pursuant to Section 147(f)(2)(D) of the Internal Revenue Code of 1986, as amended, as the average weighted maturity of the Revenue Bonds will not be later than that for the Prior Bonds; and

(w) No public official of the Saint Paul HRA 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.

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:

1. The HRA hereby gives approval to the proposal of Borrower that the HRA, acting pursuant to the Act, issue the Revenue Bonds in two or more series pursuant to the Series 2012B Loan Agreement and the Series 2012C Bond Indenture and the Series 2012C Loan Agreement upon such terms and conditions with provisions for revision from time to time as necessary, so as to produce income and revenues sufficient to pay, when due, the principal of, and interest and premium, if any, on the Revenue Bonds, issued in the total maximum aggregate principal amount of up to \$41,000,000 to undertake the proposed Project of refunding the Prior Bonds.

2. On the basis of information available to this Board it appears, and the Board hereby finds, that the Project furthers the purposes stated in Minnesota Statutes, Section 469.152; that the effect of the Project, if undertaken, will be to help assure that adequate health care services will be made available to the residents of the state and the City at reasonable costs and will otherwise further those other purposes set forth in Minnesota Statutes, Section 469.152.

3. The Borrower has agreed and it is hereby determined that any and all costs incurred by the HRA in connection with the Project whether or not the Project is carried to completion will be paid by Borrower.

4. Nothing in this Resolution or in the documents referred to herein shall authorize the expenditure of any municipal or HRA funds on the Project other than the revenues derived from the Loan Agreements and the Master Notes and certain available proceeds of the Prior Bonds. The Revenue Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of either of the City or the HRA except the revenue and proceeds pledged to the payment thereof, nor shall the City, or the HRA, be subject to any liability thereon. The holders of the Revenue Bonds shall never have the right to compel any exercise of the taxing power of any of the City or the HRA, to pay the outstanding principal on the Revenue Bonds or the interest thereon, or to enforce payment thereof against any property of any of the City or the HRA. The Revenue Bonds shall recite in substance that the Revenue Bonds, including interest thereon, is payable solely from the revenue and proceeds pledged to the payment thereof. The Revenue Bonds shall not constitute a debt of any of the City or the HRA, within the meaning of any constitutional or statutory limitation.

5. The Revenue Bonds are to be issued by the HRA pursuant to applicable Minnesota law, and the Series 2012B Loan Agreement and the Series 2012C Bond Indenture and the Series 2012C Loan Agreement. The proceeds of the Revenue Bonds will be loaned to Borrower pursuant to the terms of the Loan Agreements. Pursuant to the Series 2012B Loan Agreement with respect to the Series 2012B Bonds and pursuant to the Series 2012C Loan Agreement and Series 2012C Bond Indenture with respect to the Series 2012C Bonds, the HRA will issue the applicable series of Revenue Bonds and the HRA will lend the proceeds thereof to the Borrower. Any capitalized terms used but not defined herein shall have the meaning given them in each Loan Agreement and the Series 2012C Bond Indenture. Under the terms of each Loan Agreement, (i) Borrower is obligated to make payments to the holder of each series of Revenue Bonds in amounts sufficient to pay all principal, interest and premium, if any, on the applicable series of Revenue Bonds and (ii) the proceeds of the loan are to be deposited in accordance with the related Loan Agreement. The Borrower will,

simultaneously with the issuance of the Revenue Bonds, enter into Supplemental Indenture No. 11 and Supplemental Indenture No. 12.

The Supplemental Indentures will provide for the issuance of the Master Notes to secure performance of the obligations of Borrower under the Loan Agreements. The Master Notes and the HRA's right, title and interest in the Loan Agreements (except Unassigned Rights) will be pledged and assigned by the HRA to the Series 2012B Purchaser and the Series 2012C Bond Trustee, as the case may be, as security for the applicable series of Revenue Bonds. The Master Notes are joint and several obligations of each member of the Obligated Group as defined in the Master Indenture. The Borrower and the other members of the Obligated Group will enter into the Second Amendment to Mortgage which provides the Mortgage shall secure payments due under the Master Notes.

It is proposed that the Borrower and HRA immediately enter into a Memorandum of Understanding (the "Memorandum of Understanding") relating to the Project whether or not the Project is completed in whole or part.

6. Forms of the following documents have been submitted to the HRA for approval and are on file:
 - (a) The Loan Agreements;
 - (b) The Revenue Bonds;
 - (c) The Series 2012C Bond Indenture;
 - (d) The Master Notes;
 - (e) The Second Amendment to Mortgage; and
 - (f) Memorandum of Understanding.
7. It is hereby found, determined and declared that:
 - (a) the refunding of the Prior Bonds is authorized by the Act;
 - (b) the Washington County HRA, the original issuer of the Prior Bonds, has given its consent to the refunding of the Prior Bonds as required under the Act;
 - (c) the purpose of the Project is and the effect thereof will be to promote the public welfare by providing for the continuation of the health care operations of the Obligated Group in the City and surrounding community;
 - (d) the issuance and sale of the Revenue Bonds, the execution and delivery by the HRA of the Loan Agreements and the Series 2012C Bond Indenture, the assignment of the Master Notes, the Loan Agreements and any other rights or document relating to the Revenue Bonds and the performance of all covenants and agreements of the HRA contained in the Loan Agreements, the Series 2012C Bond Indenture, the Revenue Bonds and any other document executed by the HRA in connection with the issuance of the Revenue Bonds (the "Bond Documents") and of all other acts and things required under the constitution and laws of the State of Minnesota to make the Bond Documents and all covenants therein, valid and binding obligations of the HRA, in accordance with their terms, are hereby authorized by the HRA;
 - (e) it is desirable that the Revenue Bonds be issued by the HRA upon the terms set forth in the Bond Documents and in this Resolution;
 - (f) the payments under the Loan Agreements and Master Notes are fixed so as to produce payment of principal of, premium, if any, and interest on the Revenue Bonds issued when due; and
 - (g) under the provisions of Minnesota Statutes, Section 469.162, and as provided in the Loan Agreements and the Series 2012C Bond Indenture, the Revenue Bonds are not to be payable from or charged upon any funds other than the revenue pledged to the payment thereof; and the HRA, the City, the County of Ramsey and the State of Minnesota (collectively the "Governmental Units") are not subject to any liability thereon except, with respect to the HRA, from such pledged revenues.

8. Subject to the provisions in Sections 9 and 11 hereof, the documents described in paragraph 6 hereof are approved substantially in the forms submitted. The Bond Documents, in substantially the forms submitted, are authorized to be executed in the name of and on behalf of the HRA by the Chair or Commissioner of the HRA, the Executive Director of the HRA (except as to the Revenue Bonds) and Director, Office of Financial Services (collectively, the "HRA Officers"). Any other documents or certificates necessary to the transaction described above, (including but not limited to, closing certificates, UCC Financing Statements, IRS Form 8038, and Nonarbitrage Certificate) shall be executed by one or more of the HRA Officers, or other appropriate officers of the HRA. Copies of all of the documents necessary to the transaction herein described

shall be delivered, filed and recorded as provide herein and in the Bond Documents.

9. The HRA shall proceed forthwith to issue the Revenue Bonds, in the form and upon the terms set forth in the Bond Documents and this Resolution, if and to the extent the HRA Officers determine to proceed with the Project which determination shall be deemed made upon execution of the Bond Documents by the HRA Officers. The Revenue Bonds shall be issued in an aggregate original principal amount not to exceed \$41,000,000, shall be payable or prepayable at such time or times, shall bear interest at such rates and shall be subject to such other terms and conditions as are set forth in the Bond Documents and that the HRA Officers, the Borrower and the applicable Purchaser shall agree to, which agreement shall be deemed to have been made upon execution of the Loan Agreement by the HRA Officers; provided that in no event may the stated interest rate on the Revenue Bonds exceed 5.00% per annum. The HRA Officers are authorized and directed to execute and deliver the Revenue Bonds to the Purchasers as prescribed in the Series 2012B Loan Agreement and the Series 2012C Bond Indenture.

10. The HRA Officers are authorized and directed to prepare and furnish to each Purchaser, the Series 2012C Bond Trustee and Bond Counsel certified copies of all proceedings and records of the HRA relating to the Revenue Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Revenue Bonds 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 HRA as to the truth of all statements contained therein.

11. The approval hereby given to the various documents referred to above includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary or appropriate and accepted by the HRA Officers executing such documents and approved by Bond Counsel prior to the execution of the documents. The issuance of Bond Counsel's opinion at Bond Closing as to the validity of the Revenue Bonds and execution of the Bond Documents 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. In the absence (or inability) of the HRA Officers authorized herein to execute any of the documents herein referred to, the documents may be executed by any officer or member of the HRA acting in their behalf.

12. There is hereby delegated to the Executive Director and Director, Office of Financial Services, the authority to approve, execute (or cause other HRA Officers to execute) and deliver future amendments to financing documents entered into by the HRA in connection with the issuance of the Revenue Bonds, subject to the following conditions: (a) such amendments do not require the consent of the holders of the Revenue Bonds or such consent has been given; (b) such amendments do not materially adversely affect the interests of the HRA; (c) such amendments do not contravene or violate any policy of the HRA; (d) such amendments are acceptable in form and substance to the Saint Paul City Attorney or other counsel retained by the HRA to review such amendments; and (e) the HRA has received an opinion of Bond Counsel to the effect that the amendments will not adversely affect the tax-exempt character of interest on the Revenue Bonds, if the Revenue Bonds are then tax-exempt obligations. 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 and Director, Office of Financial Services (or other HRA Officers) shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Executive Director or Director, Office of Financial Services (or other HRA Officers), any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the HRA authorized to act in their place and stead.

13. Briggs and Morgan, Professional Association, is hereby designated as Bond Counsel for the Revenue Bonds.

14. Prepayment of the Prior Bonds and publication of a Notice of Redemption in accordance with the terms of the bond trust indentures pursuant to which the Prior Bonds were issued, as provided in the Loan Agreement, are hereby approved.

15. The Executive Director of the HRA is authorized to execute the Memorandum of Understanding.