



## Legislation Details (With Text)

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**Title:** Resolution Approving the Issuance and Sale of a Conduit Revenue Note (The Science Museum of Minnesota Project) Series 2015 and Authorizing the Execution of Documents Relating thereto, District 17, Ward 2.

**Sponsors:** Dave Thune

**Indexes:**

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**Attachments:** 1. Board Report, 2. Attachment B - Map

Date	Ver.	Action By	Action	Result
1/28/2015	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution Approving the Issuance and Sale of a Conduit Revenue Note (The Science Museum of Minnesota Project) Series 2015 and Authorizing the Execution of Documents Relating thereto, 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 The Science Museum of Minnesota, a Minnesota nonprofit corporation organized under the laws of the State of Minnesota (the "Borrower"), a proposal that the Issuer assist in refinancing certain science museum facilities hereinafter described through the issuance of revenue bonds, or a single note, as further defined below, the "Note", 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 science museum 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 refinanced by the Note consists of refunding the outstanding principal balance of the Issuer's Adjustable Rate Revenue Bonds, Series 1997A (The Science Museum of Minnesota Project) (the "1997 Bonds") in the original aggregate principal amount of \$22,700,000, the proceeds

of which were used to construct an approximately 300,000 square foot facility for use as a science museum, including a parking ramp, at 120 West Kellogg Boulevard in the City of Saint Paul, Minnesota (the "City"). The facilities included in the Project are owned and operated by the Borrower on land leased from the City of Saint Paul;

(f) The Issuer has been advised by representatives of the Borrower 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 Project would be significantly reduced; and

(g) Based on representations of the Borrower, 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 Note is not required pursuant to an exception for refunding bonds.

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 Revenue Note (The Science Museum of Minnesota Project), Series 2015 (the "Note") 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 Note by the Issuer, pursuant to the Act, is in the best interest of the Issuer, and the Issuer hereby determines to issue the Note and to sell the Note to U.S. Bank National Association, or another financial institution selected by the Borrower (the "Lender"), as provided herein. The Issuer will loan the proceeds of the Note (the "Loan") to the Borrower in order to refinance the Project.

(c) Pursuant to a Loan and Note Purchase Agreement (the "Loan Agreement") to be entered into among the Issuer, the Borrower and the Lender, the Borrower has agreed 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 Note. In addition, the Loan Agreement contains provisions relating to the maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the Issuer and the Lender deem necessary or desirable for the refinancing of the Project.

(d) Pursuant to an Assignment of Rights (the "Assignment") from the Issuer to the Lender, the Issuer has pledged and granted a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses).

(e) The Note will be a special, limited obligation of the Issuer. The Note 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 Note shall ever have the right to compel any exercise of the taxing power of the Issuer or the City to pay the Note or the interest thereon, nor to enforce payment thereof against any property of the Issuer or the City. The Note shall not constitute a debt of the Issuer or the City within the meaning of any constitutional, charter or

statutory limitation.

(f) It is desirable, feasible and consistent with the objects and purposes of the Act to issue the Note, for the purpose of refinancing the costs of the Project.

## **SECTION 2. THE NOTE.**

2.1 Authorized Amount and Form of Note. The Note is hereby approved and shall be issued pursuant to this Resolution in substantially the form 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 Note that may be outstanding hereunder is expressly limited to \$16,600,000, unless any duplicate Note is issued pursuant to Section 3.07 of the Loan Agreement. The Note shall bear interest at the rates set forth therein, determined by the Borrower and the Lender; provided that the initial interest rate on the Note shall not exceed 4.00% per annum. Provided further, that such rate shall be subject to adjustment pursuant to the terms as set forth in the Note, this Resolution, the Loan Agreement, the Assignment and the Continuing Covenant Agreement dated as of the date of delivery of the Note, between the Borrower and the Lender (the "Continuing Covenant Agreement" and, collectively, the "Bond Documents").

2.2 The Note. The Note 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 Note 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 Note shall cease to be such officer before the delivery of the Note, 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 Note.

2.4 Disposition of Proceeds of the Note. Upon delivery of the Note to the Lender, the Lender shall, on behalf of the Issuer, advance the proceeds of the Note to refund and redeem the 1997 Bonds in accordance with the terms of the Loan Agreement.

## **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 Note. 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 Agreement and the Assignment 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 Agreement and the Assignment and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Note (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.

**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 Note 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 Note 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.

**3.5 Termination of Documents Relating to 1997 Bonds.** Upon payment in full of the 1997 Bonds, the Loan Agreement relating to the 1997 Bonds shall be terminated. The trustee for the holders of the 1997 Bonds is also authorized to terminate the Indenture of Trust relating to the 1997 Bonds.