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Title: Resolution Approving the Issuance and Sale of a Conduit Health Care Revenue Bond, Series 2016 and Authorizing the Execution of Documents Relating thereto (Gillette Children's Specialty Healthcare Project) Districts 3, 5, and 17, Wards 2 and 5

Sponsors: Rebecca Noecker

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Attachments: 1. Board Report, 2. Attachment B - Map, 3. Attachment C - District 17 Profile

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Resolution Approving the Issuance and Sale of a Conduit Health Care Revenue Bond, Series 2016 and Authorizing the Execution of Documents Relating thereto (Gillette Children's Specialty Healthcare Project) Districts 3, 5, and 17, Wards 2 and 5

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 Gillette Children's Specialty Healthcare (the "Borrower"), a Minnesota nonprofit corporation organized under the laws of the State of Minnesota, a proposal that the Issuer assist in financing the expansion, renovation and equipping of certain health care facilities hereinafter described through the issuance of a revenue bond (as further defined below, the "Bond") 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 by the Bond consists of (i) financing movable capital equipment to be located in space leased by the Borrower at 435 Phalen Boulevard, 455 Phalen Boulevard and 10 River Park Plaza, in the City of Saint Paul, Minnesota (the "City"); (ii) financing the expansion, renovation and equipping of approximately 31,125 square feet of the Borrower's existing inpatient rehabilitation and adult units, advanced imaging, registration, family experience and other related clinic space leased by the Borrower in Regions Hospital located at 200 East University Avenue and 640 Jackson Street in the City; and (iii) paying the costs of issuing the Bond (collectively, the "Project"). The facilities included in the Project will be owned and operated by the Borrower in space leased from Ramsey County, Minnesota and others;

(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 facilities 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) the Project will further the proposed policies of the Act, and the findings made in the preliminary resolution of the Issuer adopted on April 13, 2016 with respect to the Project are hereby ratified, affirmed and approved; 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 Bond (Gillette Children's Specialty Healthcare Project), Series 2016 (the "Bond") 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 Bond by the Issuer, pursuant to the Act, is in the best interest of the Issuer, and the Issuer hereby determines to issue the Bond and to sell the Bond to BMO Harris Bank N.A., or another financial institution selected by the Borrower (the "Lender"), as provided herein. The Issuer will loan the proceeds of the Bond (the "Loan") to the Borrower in order to finance or refinance the Project.

(c) Pursuant to a Loan Agreement (the "Loan Agreement") to be entered into between the Issuer and the Borrower, the Borrower will agree 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 Bond. In addition, the Loan Agreement contains provisions relating to the construction, 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 financing or refinancing of the Project.

(d) Pursuant to a Pledge Agreement (the "Pledge Agreement") to be entered into

between the Issuer and the Lender, the Issuer will pledge and grant 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 Bond will be subject to a Bond Compliance Agreement (the "Bond Compliance Agreement") to be entered into between the Issuer and the Borrower.

(f) The Loan and the Bond will be further secured by the Gillette Children's Specialty Healthcare, Series 2016 Master Note (the "MTI Note") issued under and pursuant to Supplemental Indenture No. 6 (the "Supplemental Indenture") supplementing and amending the Master Trust Indenture, dated as of January 28, 2005, (the "MTI") among the Borrower, certain other persons referred to therein as "Obligors", and Wells Fargo Bank, National Association in Minneapolis, Minnesota as trustee (the "Master Trustee").

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

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

(i) This Board, by action taken on April 13, 2016, gave preliminary approval to the Project. Application to the Commissioner of the Department of Employment and Economic Development of the State of Minnesota for approval of the Project as tending to further the purposes and policies of the Act has been made. The Bond shall not be sold to the Purchaser unless and until such approval is obtained.

SECTION 2. THE BOND.

2.1 Authorized Maximum Amount, Form of Bond and Interest Rate. The Bond 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 Bond that may be outstanding hereunder is expressly limited to \$20,000,000, unless any duplicate Bond is issued pursuant to Section 2.6. The Bond shall bear interest at the rates set forth therein, determined by the Borrower and the Lender; provided that the interest rate on the Bond shall not exceed 3.25% per annum. Provided further, such rate shall be subject to adjustment pursuant to the terms as set forth in the Bond, this Resolution, the Loan Agreement, the Pledge Agreement, the Bond Compliance Agreement, the Continuing Covenant Agreement dated as of the date of delivery of the Bond, between the Borrower and the Lender (the "Continuing Covenant Agreement"), the MTI Note, the Supplemental Indenture, or the MTI (collectively, the "Bond Documents").

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

2.4 Disposition of Proceeds of the Bond. Upon delivery of the Bond to the Lender, the Lender shall, on behalf of the Issuer, advance the proceeds of the Bond to finance the Project in accordance with the terms of the Loan Agreement and the Continuing Covenant 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 Bond. The Bond shall be initially registered in the name of the Lender and, subject to the limitations on transfer provided herein, 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 Issuer will require, as a precondition to any transfer, that the transferee provide to the Issuer an investor letter in a form satisfactory to the Issuer and other evidence satisfactory to the Issuer that the transferee is a financial institution or other accredited investor under the securities laws. The following form of assignment shall be sufficient for purposes of assigning the Bond.

For value received _____ hereby sells, assigns and transfers unto _____ the attached 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 Bond 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 Bond will be issued to a “qualified institutional buyer” and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Bond may not be assigned or transferred in whole or part, except to another “accredited investor” or “qualified institutional buyer” or otherwise in accordance with the Continuing Covenant Agreement. The Issuer will require, as a precondition to any transfer, that the transferee provide to the Issuer an investor letter in a form satisfactory to the Issuer and other evidence satisfactory to the Issuer that the transferee is a financial institution or other accredited investor under the securities laws.

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 contained herein invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in this Resolution 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 Bond. 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 the Bond Documents are hereby approved in substantially the forms 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 Bond, the Loan Agreement, the Pledge Agreement, the Bond Compliance Agreement and any other Bond Documents to which the Issuer is a party and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Bond (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 for the Issuer, 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 Bond 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 Bond 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 or her place and stead.

3.5 Program. The Issuer has established a governmental program of acquiring purpose investments for qualified 501(c)(3) organizations' projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

(a) the program involves the origination or acquisition of purpose investments;

(b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;

(c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;

(d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and

(e) the Issuer shall not waive the right to treat the investment as a program investment.

3.6 Costs; Indemnification by Borrower. The Borrower has agreed and it is hereby determined that any and all costs incurred by the Issuer in connection with the financing of the Project whether or not the Project is carried to completion will be paid by the Borrower. It is understood and agreed that the Borrower shall indemnify the Issuer against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the Issuer) arising with respect to the Project, the Financing Documents, or the Bond, as further provided for and agreed to by and between the Borrower and the Issuer in the Loan Agreement.

3.7 Headings; Terms. Paragraph headings in this resolution are for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof. Capitalized terms used, but not defined, herein shall have the meanings given them in, or pursuant to, the Loan Agreement.