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Title: Resolution Authorizing the Issuance of Conduit Charter School Lease Revenue Bonds for the Community School of Excellence Project under Minnesota Statutes, Sections 469.152 through 469.1655 and Approving Related Documents, District 6, Ward 5

Sponsors: Amy Brendmoen

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Attachments: 1. Board Report, 2. BuildingDrawings, 3. Map, 4. District 6 Profile

Date	Ver.	Action By	Action	Result
6/8/2016	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution Authorizing the Issuance of Conduit Charter School Lease Revenue Bonds for the Community School of Excellence Project under Minnesota Statutes, Sections 469.152 through 469.1655 and Approving Related Documents, District 6, Ward 5

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152-469.1655, as amended (the "Act"), each housing and redevelopment authority of the State of Minnesota, including the HRA, is authorized to issue revenue bonds to finance, 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, CSE Building Company, a Minnesota nonprofit corporation (the "Borrower"), has represented to the HRA that it is proposing to assist Community School of Excellence, a Minnesota nonprofit corporation and charter school (the "School"), in the acquisition, construction and equipping of an approximately 127,000 square foot, three-story school building to be located on an approximately 11.86 acre site at 270 Larpenteur Avenue in the City of Saint Paul, Minnesota (the "City") for use as a public charter school facility for grade kindergarten through grade eight (the "Facility"); and

WHEREAS, the Borrower has requested that the HRA issue one or more series of revenue bonds to be designated Charter School Lease Revenue Bonds (Community School of Excellence Project) (the "Bonds") and loan the proceeds derived from the sale of the Bonds to the Borrower, pursuant to the terms of a Loan Agreement, dated on or after June 1, 2016 (the "Loan Agreement"), between the HRA and the Borrower to finance costs related to: (i) the acquisition, construction and equipping of the Facility (the "Project"); (ii) funding certain reserve funds; (iii) paying a portion of the interest on the Bonds; and (iv) paying the costs of issuing the Bonds; and

WHEREAS, the revenue bonds proposed to be issued by the HRA to finance the Project will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreement; (ii) a pledge and

assignment of all School's revenues, including money due to the School from the State of Minnesota Lease Aid Payment Program (the "Program"); (iii) an agreement to pay all money due to the School from the Program to a dedicated account subject to a monthly sweep to the trustee accounts for the benefit of the holders of the revenue bonds; (iv) other revenues pledged to or otherwise received by the Borrower, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; (v) a debt service reserve fund to be held by a trustee for the benefit of the holders of the revenue bonds; (vi) a first mortgage and security agreement granted by the Borrower with respect to the Project; and (vii) other security provided or arranged by the Borrower or the School; and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the revenue bonds may not be issued as tax-exempt bonds unless the Board of Commissioners of the HRA approves the revenue bonds after a public hearing following publication of a notice published in accordance with the requirements of Section 147(f) of the Code and Treasury Regulations, Section 5f.103-2; and

WHEREAS, following the publication of a notice (the "Public Notice") of a public hearing in the St. Paul Legal Ledger, the official newspaper of the HRA on May 9, 2016, and in the Pioneer Press, a newspaper of general circulation in the City on May 7, 2016, at least 14 days before the regularly-scheduled meeting of the Board of Commissioners of the HRA on May 25, 2016, the Board of Commissioners conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal to undertake and finance the Project and the proposed issuance of the revenue bonds; and

WHEREAS, the Public Notice included a general description of the Project, the maximum aggregate face amount of the revenue bonds to be issued with respect to the Project, the identity of the initial owner, operator, or manager of the Project, the location of the Project by street address, and a statement that a draft copy of the proposed application to DEED, together with all attachments and exhibits, would be available for inspection at the offices of the HRA; and

WHEREAS, following the public hearing before the Board of Commissioners of the HRA on May 25, 2016, the Board of Commissioners adopted a resolution determining to proceed with the Project and its financing;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of one or more series of revenue bonds to be designated Charter School Lease Revenue Bonds (Community School of Excellence Project), Series 2016 (the "Series 2016 Bonds" or the "Bonds"), of the HRA in an original aggregate principal amount not to exceed \$33,000,000. If the Series 2016 Bonds are issued in more than one series, the separate series shall be separately designated in such manner as is deemed appropriate by the Chair of the HRA (or any Commissioner), the Executive Director of the HRA, and the Director of the Office of Financial Services (collectively, the "HRA Officials"), in their discretion. The Series 2016 Bonds shall be issued under the terms of an Indenture of Trust, dated on or after June 1, 2016 (the "Indenture"), between the HRA and U.S. Bank National Association, as trustee (the "Trustee"). The Series 2016 Bonds shall bear interest at fixed rates established by the terms of the Indenture; provided that the maximum coupon on the Bonds shall not exceed 7% per annum. The Series 2016 Bonds 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 substantially the form on file with the HRA, with the amendments referenced herein. The HRA hereby authorizes the Series 2016 Bonds to be issued as "tax-exempt bonds" the interest on which is excluded from gross income for federal and State of Minnesota income tax purposes. Any separate series of Series 2016 Bonds may be issued as "taxable bonds" if deemed necessary and appropriate by the HRA Officials and bond counsel.

All of the provisions of the Series 2016 Bonds, 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 2016 Bonds shall be substantially in the forms in the Indenture on file with the HRA, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of each series of Series 2016 Bonds, the stated maturities of each series of Series 2016 Bonds, the principal amount of Bonds maturing on each maturity date, the interest rates on the Series 2016 Bonds, and the terms of redemption of the Series 2016 Bonds) as the HRA Officials, in their discretion, shall determine. The execution of the Series 2016 Bonds with the manual or facsimile signatures of the HRA Officials and the delivery of the Series 2016 Bonds by the HRA shall be conclusive evidence of such determination.

2. The Series 2016 Bonds shall be special limited obligations of the HRA payable solely from the revenues provided by the Borrower pursuant to the Loan Agreement and from the revenues and security pledged, assigned, and granted pursuant to the following documents: (i) the Mortgage, Security Agreement and Assignment of Rents, to be dated on or after June 1, 2016 (the "Mortgage"), from the Borrower, as mortgagor, to the Trustee, as mortgagee; (ii) the Assignment of Lease, dated on or after June 1, 2016 (the "Assignment"), from the Borrower, as assignor, to the Trustee, as assignee; and (iii) the Pledge and Covenant Agreement, dated on or after June 1, 2016 (the "Pledge Agreement"), from the School to the Trustee. The proceeds of the Bonds will be disbursed pursuant to a Disbursing Agreement, dated on or after June 1, 2016 (the "Disbursing Agreement"), among the Borrower, the Trustee, and a disbursing agent to be selected by the Borrower, and will be subject to the provisions of a Borrower Tax Certificate, dated on the date of issuance of the Bonds, and a Bond Compliance Agreement, dated on or after June 1, 2016 (the "Compliance Agreement") between the HRA and the Borrower. The Board of Commissioners of the HRA hereby authorizes and directs the HRA Officials to execute and deliver the Indenture to the Trustee, and hereby authorizes and directs the execution of the Series 2016 Bonds in accordance with the terms of the Indenture, and hereby provides that the Indenture shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Series 2016 Bonds, the HRA, and the Trustee as set forth therein.

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 HRA, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the HRA Officials, in their discretion, shall determine, and the execution thereof by the HRA Officials shall be conclusive evidence of such determination.

3. The loan repayments to be made by the Borrower under the Loan Agreement are fixed to produce revenues sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Bonds issued under this resolution when due, and the Loan Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all lawfully imposed taxes and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement.

4. As provided in the Loan Agreement, the Bonds shall not be payable from nor charged upon any funds other than the revenue pledged to their payment, nor shall the HRA or the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Bonds shall ever have the right to compel any exercise by the HRA or the City of any taxing powers to pay the Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the HRA or the City except the interests of the HRA in the Loan Agreement and the revenues and assets thereunder, which will be assigned to the Trustee under the terms of the Indenture. The Bonds shall recite that the Bonds are issued pursuant to the Act, and that the Bonds, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Bonds shall not constitute a debt of the HRA or the City within the meaning of any constitutional or statutory limitations.

5. The HRA Officials are hereby authorized and directed to execute and deliver the Loan

Agreement, the Indenture, the Compliance Agreement, a Bond Purchase Agreement, among the HRA, Piper Jaffray & Co. (the "Underwriter"), the Borrower, and the School (the "Bond Purchase Agreement"), and such other documents as bond counsel to the HRA considers appropriate in connection with the issuance of the Bonds (collectively, the "Financing Documents"); provided that the Bond Purchase Agreement may be executed on behalf of the HRA solely by the Executive Director of the HRA. All of the provisions of the Financing Documents, 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 Financing Documents shall be substantially in the forms on file with the HRA which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the HRA Officials, in their discretion, shall determine, and the execution of the Financing Documents by the HRA Officials shall be conclusive evidence of such determination.

6. The HRA Officials and other officers, employees, and agents of the HRA are hereby authorized to execute and deliver, on behalf of the HRA, the Financing Documents to which it is a party and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2016 Bonds, including various certificates of the HRA, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, a certificate as to arbitrage and rebate, and similar documents. The HRA hereby approves the execution and delivery by the Trustee of the Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the Series 2016 Bonds that require execution by the Trustee. The Trustee is hereby appointed as Bond Registrar and paying agent with respect to the Series 2016 Bonds. The HRA hereby authorizes Dorsey & Whitney LLP as bond counsel of the HRA, to prepare, execute, and deliver its approving legal opinion with respect to the Bonds.

7. The HRA has not participated in the preparation of the Preliminary Official Statement or the Official Statement relating to the offer and sale of the Series 2016 Bonds (collectively, the "Official Statement"), and has made no independent investigation with respect to the information contained therein (other than with respect to information provided under the captions "THE ISSUER" and "LITIGATION - Issuer," as it relates to the HRA), including the appendices thereto, and the HRA assumes no responsibility for the sufficiency, accuracy, or completeness of such information. Subject to the foregoing, the HRA hereby consents to the distribution and the use by the Underwriter of the Official Statement in connection with the offer and sale of the Series 2016 Bonds. The Official Statement is the sole material consented to by the HRA for use in connection with the offer and sale of the Series 2016 Bonds. The HRA hereby approves the Continuing Disclosure Agreement, dated on or after June 1, 2016 (the "Continuing Disclosure Agreement"), among the Borrower, the School, and the Trustee, in substantially the form on file with the HRA, and hereby authorizes the Trustee to execute and deliver the Continuing Disclosure Agreement.

8. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the HRA or the Board of Commissioners by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the HRA or by such members of the Board of Commissioners, or such officers, board, body, or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board of Commissioners of the HRA, or any officer, agent, or employee of the HRA in that person's individual capacity, and neither the Board of Commissioners of the HRA nor any officer or employee executing the Series 2016 Bonds shall be liable personally on the Series 2016 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No provision, covenant, or agreement contained in the aforementioned documents, the Series 2016 Bonds or in any other document relating to the Series 2016 Bonds, and no obligation therein or herein imposed upon the HRA or the breach thereof, shall constitute or give rise to any pecuniary liability of the HRA or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the HRA has not obligated itself to pay or remit any funds or

revenues, other than funds and revenues derived from the Loan Agreement which are to be applied to the payment of the Series 2016 Bonds, as provided therein and in the Indenture.

9. Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the HRA or any holder of the Series 2016 Bonds issued under the provisions of this resolution, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the HRA and any holder from time to time of the Series 2016 Bonds issued under the provisions of this resolution.

10. In case any one or more of the provisions of this resolution, other than the provisions contained in Section 4 hereof, or of the aforementioned documents, or of the Series 2016 Bonds 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 2016 Bonds, but this resolution, the aforementioned documents, and the Series 2016 Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

11. The Series 2016 Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Series 2016 Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Series 2016 Bonds, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

12. The officers of the HRA, bond counsel, other attorneys, engineers, and other agents or employees of the HRA are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Series 2016 Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2016 Bonds, the aforementioned documents, and this resolution. In the event that for any reason any of the HRA Officials is unable to carry out the execution of any of the documents or other acts provided herein, such documents may be executed and such actions may be taken by any official or employee of the HRA or the City delegated the duties of any such HRA Official with the same force and effect as if such documents were executed and delivered by such HRA Official.

13. The Borrower has agreed and it is hereby determined that any and all costs incurred by the HRA in connection with the financing of the Project will be paid by the Borrower. It is understood and agreed that the Borrower shall indemnify, defend and hold harmless the HRA against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the HRA) arising with respect to the Project or the Bonds, as provided for and agreed to by and between the Borrower and the HRA in the Loan Agreement.

14. The authority to approve, execute and deliver future amendments to Financing Documents entered into by the HRA in connection with the issuance of the Bonds and 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 respective holders of the Bonds or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the HRA; (c) such amendments or consents do not contravene or violate any policy of the HRA, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the HRA 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 HRA or the City authorized to act in his/her place and stead.

15. In accordance with the policy of the HRA, the initial purchasers of the Bonds will be required to execute and deliver an Investor Letter to the Issuer and the Trustee, confirming that each initial purchaser of the Series 2016 Bonds must be either (i) an “accredited investor” within the meaning of Rule 501 of Regulation D of the rules governing the limited offer and sale of securities without registration under the Securities Act of 1933, as amended (the “Securities Act”) or (ii) a “qualified institutional buyer” within the meaning of Rule 144A of the Securities Act.

16. The HRA hereby authorizes the issuance of the Bonds in minimum denominations of \$100,000 and any integral amount of \$5,000 in excess thereof.

17. This resolution shall be in full force and effect from and after its passage.