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Title: Resolution Authorizing the Issuance and Sale of Conduit Revenue Bonds on Behalf of Fairview Health Services, with Multiple Facilities Located in Saint Paul, under Minnesota Statutes 469.152 through 469.1655, and the Execution of Related Documents, Districts 7 and 17 and Wards 1 and 2

Sponsors: Rebecca Noecker

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Attachments: 1. Board Report, 2. Map

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7/12/2017	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution Authorizing the Issuance and Sale of Conduit Revenue Bonds on Behalf of Fairview Health Services, with Multiple Facilities Located in Saint Paul, under Minnesota Statutes 469.152 through 469.1655, and the Execution of Related Documents, Districts 7 and 17 and Wards 1 and 2

WHEREAS, this Board of Commissioners (the "Board"), has received a proposal from Fairview Health Services and its affiliates (together, the "Corporation"), that the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Issuer"), issue its revenue bonds, in one or more series (the "Bonds") under Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"), to finance the acquisition of facilities described herein by (i) refinancing all or part of the Issuer's outstanding (a) Hospital Facility Revenue Bonds (HealthEast Care System Project), Series 2015A (the "Series 2015A Bonds"); (b) Hospital Facility Revenue Refunding Bond (HealthEast Care System Project), Series 2012B (the "Series 2012B Bonds"); and (c) Hospital Facility Revenue Refunding Bonds (HealthEast Care System Project), Series 2012C (the "Series 2012C Bonds"); (ii) refinancing all or part of an interim taxable loan that refinanced a loan incurred in the acquisition of Grand Itasca, as described hereinafter (the "Grand Itasca Debt," and together with the Series 2015A Bonds, Series 2012B Bonds and Series 2012C Bonds, the "Prior Obligations"); (iii) paying a portion of the interest to accrue on the Bonds, and (iv) paying certain costs of issuance of the Bonds and costs of refinancing the Prior Obligations. Together with other facilities, the Corporation owns and operates Bethesda Hospital ("Bethesda"), located at 559 Capitol Boulevard in the City of St. Paul (the "City"); St. John's Hospital, located at 1575 Beam Avenue in the City of Maplewood ("St. John's"); St. Joseph's Hospital, located at 45 West 10th Street in the City ("St. Joseph's"); the Woodwinds Health Campus located at 1925 Woodwinds Drive in the City of Woodbury ("Woodwinds") and the Grand Itasca Clinic and Hospital, located at 1601 Golf Course Road in the City of Grand Rapids, Minnesota ("Grand Itasca," together with the facilities named hereinabove, the "Facilities"); and

WHEREAS, the Series 2015A Bonds were used to finance and refinance improvements to St. Joseph's, Bethesda and Woodwinds; the purchase from the Port Authority of the City of Saint Paul of an eight-story office building and surface parking located at 1690 University Avenue West in the City ("Midway") and improvements thereto and to HealthEast Medical Transportation, 799 Reaney Ave. in the City; the Series 2012B Bonds and Series 2012C Bonds were used to refinance bonds issued to finance the construction of a hospital and related facilities at Woodwinds; and the Grand Itasca Debt was used to finance the construction

and equipping of Grand Itasca; and

WHEREAS, at a public hearing, duly noticed and held on July 12, 2017, in accordance with the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended, on the proposal to finance the costs of the financing and refinancing described herein, all parties who appeared at the hearing were given an opportunity to express their views with respect to the proposal, and interested persons were given the opportunity to submit written comments to the Issuer before the time of the hearing; and

WHEREAS, the Bonds are expected to be issued under the terms of a Trust Indenture (the "Bond Indenture") by and between the Issuer and Wells Fargo Bank, National Association, as bond trustee (the "Bond Trustee"); and

WHEREAS, the proceeds of the Bonds are expected to be loaned to the Corporation pursuant to the terms of a Loan Agreement between the Issuer and the Corporation (the "Loan Agreement"); and

WHEREAS, the Bonds are expected to be offered pursuant to a Preliminary Official Statement and a subsequent Official Statement (the "Official Statements") and initially purchased by Citigroup Global Markets Inc. and RBC Capital Markets, LLC, together with any additional underwriter or underwriters named therein, if any, or any successor thereto or affiliate or assignee thereof, as approved by the Corporation (the "Underwriter"), pursuant to a Purchase Contract by and among the Issuer, the Underwriter and the Corporation (the "Bond Purchase Agreement"); and

WHEREAS, the Issuer and the Corporation have agreed upon sufficient details of the proposed revenue bonds to enable the Issuer to adopt this resolution (the "Resolution") on this date.

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. Proposal. The Board has received a proposal from the Corporation that the Issuer undertake the financing and refinancing described herein pursuant to the Act through the issuance by the Issuer of the Bonds.

2. Project. The Bonds shall be issued to finance the acquisition of the Facilities by refinancing the Prior Obligations.

3. Security for the Bonds. The Corporation's obligation to repay the loan made pursuant to the Loan Agreement will be evidenced by one or more notes (whether one or more, the "Notes"), issued pursuant to the amended and restated Master Trust Indenture, dated as of September 1, 2015 (the "Master Indenture"), entered into by and among the Corporation and Obligated Affiliates, as defined in the Master Indenture, and U.S. Bank National Association, as trustee (the "Master Trustee"). The Issuer shall assign its rights to the payments under the Notes and certain other rights under the Loan Agreement and Master Indenture to the Bond Trustee as security for payment of the Bonds under the Bond Indenture.

4. Forms of Documents Submitted. Drafts of the following documents have been submitted to and are on file with the Issuer:

- (a) the Loan Agreement;
- (b) the Notes;
- (c) the Bond Purchase Agreement;
- (d) the Official Statement;

(e) the Master Indenture; and

(f) the Bond Indenture.

5. Findings. It is hereby found, determined and declared that:

(a) the issuance of the Bonds will further the policies of the Act;

(b) the issuance of the Bonds and the effect thereof will promote the public welfare by providing for the continuation of the health care operations of the Corporation in the City and surrounding area;

(c) the Act authorizes the issuance and sale of the Bonds, the execution and delivery by the Issuer of the Loan Agreement, the Bond Purchase Agreement and the Bond Indenture (collectively the "Bond Documents"), the performance of all covenants and agreements of the Issuer contained in the Bond Documents and the performance of all other acts and things required under the constitution and laws of the State of Minnesota to make the Bond Documents valid and binding obligations of the Issuer in accordance with their terms;

(d) it is desirable that the Bonds be issued by the Issuer upon the terms set forth in the Bond Indenture;

(e) the payments to be made by the Corporation (and the other Members of the Obligated Group) under the Loan Agreement and the Notes are fixed so as to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Bonds when due;

(f) under the provisions of Minnesota Statutes, Section 469.162, and as provided in the Bond Documents, the Bonds are not to be payable from or charged upon any funds other than the revenue pledged to the payment thereof; the Issuer is not subject to any liability thereon; no holder of any Bond shall ever have the right to compel any exercise by the Issuer or the City of its taxing powers to pay any of the Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the Issuer except as provided in the Bond Documents; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer except the interests of the Issuer in the Bond Documents; the Bonds shall recite that the Bonds do not constitute or give rise to a pecuniary liability or moral obligation of the Issuer, the City, the State of Minnesota or its political subdivisions, and that the Bonds, including interest thereon, are payable solely from the revenues pledged to the payment thereof; and the Bonds shall not constitute a debt of the Issuer or the City within the meaning of any constitutional or statutory limitation.

6. Approval of Forms; Execution. Subject to the approval of counsel to the Issuer, and the provisions of paragraphs 7, 9 and 10 hereof, the forms of the Bond Documents and exhibits thereto and all other documents listed in paragraph 4 hereof are approved substantially in the form submitted and hereby made a part of this Resolution, with such changes as the Officials, as hereinafter defined, shall agree to. Subject to the provisions of paragraph 9 hereof, the Bond Documents, in substantially the forms submitted, are directed to be executed in the name and on behalf of the Issuer by the Chair or Commissioner, Executive Director and Director, Office of Financial Services (the "Officials"), provided that the Bond Purchase Agreement is directed to be executed on behalf of the Issuer by the Executive Director. Any other Issuer documents and certificates necessary to the transaction described above shall be executed by the appropriate Issuer officers. Copies of all of the documents necessary to the transaction herein described shall be delivered, filed and recorded as provided herein and in the Loan Agreement and the Bond Indenture.

7. Issuance; Acceptance of Offer. The Issuer shall proceed forthwith to issue the Bonds, in the form and upon the terms set forth in the Bond Indenture and this Resolution. The Bonds shall be issued as revenue bonds under the Act, in an aggregate principal amount not to exceed \$225,000,000, shall be payable or prepayable at such time or times, shall bear interest at such rate or rates, shall be purchased by the Underwriter at such prices and shall be subject to such other terms and conditions as the officers of the Issuer,

the Corporation and the Underwriter, as applicable, shall agree to. The Issuer hereby authorizes the issuance of the Bonds, provided that no initial interest rate exceeds 6.00% per annum. The Issuer hereby authorizes the issuance of the Bonds in minimum denominations of \$25,000 subject to obtaining a rating in at least the BB category or in minimum denominations of \$5,000 subject to obtaining a rating in the BBB category or higher, otherwise the Bonds will be issued in minimum denominations of \$100,000. The Officials are hereby authorized and directed, in conjunction with the appropriate officers of the Issuer, to prepare and execute the Bonds as prescribed in the Bond Indenture and to deliver them to the Bond Trustee for authentication and delivery to the purchasers.

8. Records and Certificates. The Officials and other officers of the Issuer are authorized and directed to prepare and furnish to the Underwriter certified copies of all proceedings and records of the Issuer relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality of the 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 Issuer as to the truth of all statements contained therein.

9. Amendments and Changes in Forms Approved; Absent and Disabled Officers. 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 and amendments thereto as may be necessary and appropriate and approved by counsel to the Issuer and by the Executive Director and Director, Office of Financial Services (or their designees in the event of their absence or disability), who are hereby authorized to approve said changes and execute any necessary documents on behalf of the Issuer. 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 document in accordance with the terms hereof. In the event of absence or disability of the Officials, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated member of the Board or acting official, or by such other officer or officers of the Board as, in the opinion of counsel to the Issuer, may act in their behalf.

10. Approval of the Department of Employment and Economic Development and other Approvals.

(a) The Application to the Minnesota Department of Employment and Economic Development, with attachments, a form of which is on file with the City of Saint Paul, Department of Planning and Economic Development, is hereby approved, and the officers of the Issuer are authorized to execute said documents on behalf of the Issuer.

(b) In accordance with Section 469.154, Subdivision 3, of the Act, the officers of the Issuer are hereby authorized and directed to cause the Application to be submitted to the Department for approval of the project described therein and are hereby authorized and directed to provide the Department with any preliminary information needed for this purpose.

(c) Notwithstanding the foregoing, the issuance of the Bonds and the execution by the Issuer of the various documents referred to above are subject to the approval of the project described in such application by the Department of Employment and Economic Development of the State of Minnesota and by the Cities of Grand Rapids and Woodbury pursuant to Section 147(f) of the Code and Minnesota Statutes, Section 471.656.

(d) The issuance of the Bonds is further subject to customary closing conditions, including delivery of opinions and certificates of the Corporation, Bond Trustee, Master Trustee and Underwriter, as applicable, in form satisfactory to the Issuer.

11. Official Statement. The Issuer hereby consents to the preparation and distribution of the

Official Statements with respect to the Bonds to brokers, dealers and other potential purchasers of such Bonds, provided that it is understood that the Issuer has relied upon the Corporation and the Underwriter and legal counsel retained by them to assure the accuracy and completeness of the information set forth in the Official Statement and that therefore the Issuer will not make, any independent investigation of the information contained therein, and it assumes no responsibility for the accuracy or completeness of such information, other than the information with respect to the Issuer under the headings "The Issuer" and "Litigation-Issuer."

12. Future Amendments. The authority to approve, execute and deliver future amendments and supplements to financing documents entered into by the Issuer in connection with the issuance of the Bonds and consents required under such financing documents is hereby delegated to the Executive Director and Director, Office of Financial Services, subject to the following conditions: (a) such amendments, supplements or consents do not require the consent of the holders of the Bonds or evidence of such Bondholder consent has been provided to the Executive Director and Director, Office of Financial Services; (b) such amendments, supplements or consents do not materially adversely affect the interests of the Issuer; (c) such amendments, supplements or consents do not contravene or violate any policy of the Issuer, and (d) such amendments, supplements or consents are acceptable in form and substance to the counsel retained by the Issuer to review such amendments, supplements or consents. 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, supplemented or consented to and the terms of this Resolution. The execution of any instrument by the Executive Director and Director, Office of Financial Services, 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, any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the Issuer or the City of St. Paul authorized to act in their place and stead.

13. 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 the Bond Indenture and Loan Agreement.