



## Legislation Details (With Text)

**File #:** RES PH 17- 304 **Version:** 1

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**In control:** Housing & Redevelopment Authority

**Final action:** 10/11/2017

**Title:** Resolution giving preliminary approval to the proposed issuance of conduit revenue bonds under Minnesota Statutes, Sections 469.152 through 469.1655 for the Cerenity - Marian of St. Paul project, located at 200 Earl Street, District 4, Ward 7.

**Sponsors:** Jane L. Prince

**Indexes:**

**Code sections:**

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

Date	Ver.	Action By	Action	Result
10/11/2017	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution giving preliminary approval to the proposed issuance of conduit revenue bonds under Minnesota Statutes, Sections 469.152 through 469.1655 for the Cerenity - Marian of St. Paul project, located at 200 Earl Street, District 4, Ward 7.

WHEREAS, pursuant to Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the "Act"), the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), is authorized to issue revenue Bonds, in one or more series, for the purpose of financing real and personal property, whether or not now in existence, which property is used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services; and

WHEREAS, in enacting the Act, the Legislature found that the welfare of the State of Minnesota requires the active promotion, attraction, encouragement and development of economically sound industry and commerce to prevent, as far as possible, the emergence of blight and areas of chronic unemployment and to prevent economic deterioration and the welfare of the State also requires the provision of necessary health care facilities, so that adequate health care services are available to residents of the state at reasonable cost; and

WHEREAS, Cerenity - Marian of St. Paul, LLC, a Minnesota limited liability company (the "Borrower") has proposed that the HRA issue one or more series of revenue bonds or other obligations in the approximate total principal amount of \$16,500,000, in one or more series (the "Bonds") and loan the proceeds derived from the sale of the Bonds to the Borrower, pursuant to the terms of a Loan Agreement between the HRA and the Borrower (the "Loan Agreement") to (i) finance renovations to the existing facility located at 200 Earl Street in the City of Saint Paul, Minnesota (the "City") to increase the number of private nursing beds to approximately 78 and reduce the number of assisted living units to approximately 30; (ii) finance interest during the construction period; and (iii) pay the costs of issuing the Bonds (collectively, the "Project"); and

WHEREAS, neither the full faith and credit of the HRA, nor the City will be pledged to the Project or for the payment of the principal of, premium, if any, or interest on the Bonds; and

WHEREAS, the Borrower's proposal calls for the HRA to loan the proceeds realized upon the sale of the Bonds to the Borrower pursuant to a revenue agreement wherein the Borrower will be obligated 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 Bonds and all costs and expenses of the HRA incident to the issuance and sale of the Bonds; and

WHEREAS, the undertaking of the proposed Project and the issuance of the Bonds to finance the cost thereof will further promote the public purposes and legislative objectives of the Act by the rehabilitation and preservation of health care facilities and services in the City; and

WHEREAS, a public hearing on the Project was held by the HRA on this date following duly published notice. The general nature of the Project and an estimate of the aggregate principal amount of Bonds to be issued to finance the Project were described in the notice of public hearing; and

WHEREAS, no public official of the 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 (the "Board"), as follows:

1. The Board hereby gives preliminary approval to the proposal of Borrower to undertake the Project pursuant to the Act and pursuant to Borrower's specifications suitable for the operations described above and to enter into a revenue agreement between the HRA and Borrower 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 on the Bonds in the approximate principal amount of \$16,500,000 to be issued by the HRA pursuant to the Act to finance the Project.

2. On the basis of information available to the Board it appears, and the Board hereby finds, that the Project constitutes properties, real and personal, used or useful in connection with one or more revenue producing enterprises within the meaning of Subdivision 2(d) of Section 469.153 of the Act; that the Project furthers the purposes stated in Section 469.152 of the Act; that the availability of financing under the Act and the willingness of the HRA to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to help provide health care facilities and services, to provide the range of service and employment opportunities required by the population, to help prevent the movement of talented and educated persons out of the state and to areas within the State where their services may not be as effectively used and to provide necessary health care facilities and services.

3. Kennedy & Graven, Chartered, acting as bond counsel, is authorized to assist in the preparation and review of the necessary documents relating to the Project, to consult with the HRA, the Borrower, the original purchaser or purchasers of the Bonds, and their respective attorneys, as to the maturities, interest rates and other terms and provisions of the Bonds and as to the covenants and other provisions of the revenue agreement and other necessary documents and to submit such documents to the Board for final approval.

4. In accordance with Subdivision 3 of Section 469.154 of the Act, the Executive Director of the HRA is hereby authorized and directed to submit the proposal for the Project to the Minnesota Department of Employment and Economic Development ("DEED") and to request its approval, and the other officers, employees and agents of the HRA are hereby authorized to provide DEED with such preliminary information as it may require.

5. The Borrower shall pay to the HRA any and all costs incurred by the HRA in connection with the Bonds or the financing of the Project, whether or not the financing of the Project is approved by DEED, whether or not the financing is carried to completion, and whether or not the Bonds or operative instruments

are executed and delivered. The Borrower shall also comply with the HRA's fee policies respecting such revenue bond issues.

6. In accordance with Section 469.154, subdivision 7, of the Act, the officers, employees, and agents of the City are hereby authorized and directed to encourage the Borrower to provide employment opportunities to economically disadvantaged or unemployed individuals. Such individuals may be identified by such mechanisms as are available to the Borrower, such as a first source agreement in which the Borrower agrees to use a designated State employment office as a first source for employment recruitment, referral, and placement.

7. Nothing in this resolution or in the documents prepared pursuant hereto shall authorize the expenditure of any municipal, HRA or public funds on the Project other than the revenues derived from the Project or otherwise granted to the HRA for this purpose. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the HRA, or the City, except the revenues and proceeds pledged to the payment thereof, nor shall the HRA, or the City be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of the HRA or the City to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment thereof against any property of the HRA or the City. The Bonds shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenue and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the HRA or the City within the meaning of any constitutional or statutory limitation.

8. The adoption of this resolution by the HRA does not constitute a guarantee or a firm commitment that the HRA will issue the Bonds as requested by the Borrower. The HRA reserves the right, in its sole discretion, to withdraw from participation and accordingly not issue any Bonds, or issue the Bonds in an amount less than the amount referred to herein, to finance the Project at any time prior to the adoption of the final resolution authorizing the issuance of such Bonds should the HRA so determine and in such an event, the Borrower is solely responsible for all costs and expenses it incurred in connection with its application to the HRA.