



## Legislation Text

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**File #:** RES PH 15-129, **Version:** 1

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Resolution authorizing the issuance of conduit revenue bonds for the HealthPartners Obligated Group Project under Minnesota Statutes, Sections 469.152 through 469.1655 and approving related documents, District 17, Ward 2

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 through 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 or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit so that adequate health care services are available to residents of the state at reasonable cost; and

WHEREAS, Regions Hospital, a Minnesota nonprofit corporation (“Regions Hospital”) and Park Nicollet Health Services, Park Nicollet Methodist Hospital, Park Nicollet Clinic, Park Nicollet Health Care Products, and PNMC Holdings, all Minnesota nonprofit corporations (collectively “Park Nicollet” and, together with Regions Hospital, the “Borrowers”), have represented to the HRA that they are proposing to refinance a “Project” by refunding the following obligations: (i) the Health Care Facility Revenue Bonds, Series 2006 (HealthPartners Obligated Group Project), issued by the HRA on November 30, 2006, in the original aggregate principal amount of \$176,365,000 (the “Series 2006 Bonds”); (ii) the Health Care Facilities Revenue Refunding Bonds (Park Nicollet Health Services), Series 2009 (the “Series 2009 Bonds”), issued by the City of St. Louis Park, Minnesota (“St. Louis Park”) on December 31, 2009, in the original aggregate principal amount of \$188,340,000 (the “Series 2009 Bonds”); and (iii) the Health Care Facilities Revenue Refunding Bonds (Park Nicollet Health Services), Series 2008C (the “Series 2008C Bonds”), issued by St. Louis Park on August 14, 2008, in the original aggregate principal amount of \$221,850,000 (the “Series 2008C Bonds”); and

WHEREAS, (A) proceeds of the Series 2006 Bonds were loaned to Regions Hospital to (i) finance the acquisition, construction, expansion, improvement, remodeling, equipping, and furnishing of the hospital facilities located at the intersection of Jackson Street and University Avenue in the City of Saint Paul, Minnesota (the “City”), including but not limited to capital improvements, up to an eleven-story tower for surgery, patient rooms, clinical facilities and support services, and underground parking; and (ii) refund the Health Care Revenue Bonds (St. Paul-Ramsey Medical Center Project), Series 1993, issued by the HRA in the original aggregate principal amount of \$36,340,000, the proceeds of which also financed improvements to the hospital facilities and (B) proceeds of the Series 2009 Bonds and the Series 2008C Bonds were loaned to Park Nicollet to finance or refinance (i) the acquisition, construction, and equipping of an approximately 82,000 square foot building to house the Cancer Center and related facilities with approximately 31,000 square feet of the building reserved for future expansion, located at 6490 Excelsior Boulevard in St. Louis Park; (ii) the acquisition, construction, and equipping of a new parking ramp including approximately 1,700 parking stalls adjacent to the Cancer Center; (iii) the redesign and renovation of the emergency center at Park Nicollet Methodist Hospital, located at 6500 Excelsior Boulevard in St. Louis Park; (iv) the construction and equipping of a new common entrance to Park Nicollet Methodist Hospital, the new Cancer Center, and the Meadowbrook Building, located at 3931 Louisiana Avenue South in St. Louis Park; (v) the acquisition, construction, and equipping of an approximately 69,000 square foot Eating Disorders Institute, including a parking ramp and

surface lot with an estimated 220 parking stalls, located at 3525 Monterey Drive in St. Louis Park; (vi) the construction and equipping of the Heart and Vascular Center at Park Nicollet Methodist Hospital, the construction of a parking ramp and other improvements at Park Nicollet Methodist Hospital, the construction of public infrastructure improvements with respect to the foregoing, and the acquisition and installation of equipment for Park Nicollet Methodist Hospital; (vii) the acquisition and installation of a computed tomography ("CT") scanner at the facilities located at 14000 Fairview Drive in the City of Burnsville, Minnesota, a CT scanner at the facilities located at 15800 95th Avenue North in the City of Maple Grove, Minnesota, and a CT scanner and a magnetic resonance imaging scanner at the facilities located at 250 North Central Avenue in the City of Wayzata, Minnesota; and (viii) capital improvements to Park Nicollet facilities originally financed with the proceeds of obligations issued by St. Louis Park in 1990 and 1993 (all facilities, equipment and improvements to be refinanced with proceeds of the Series 2015 Bonds are referred to herein collectively as the "Project"); and

WHEREAS, the Borrowers have requested that the HRA issue revenue bonds, in multiple series, to be designated the Health Care Facilities Revenue Refunding Bonds (HealthPartners Obligated Group), Series 2015A (the "Series A Bonds") and Taxable Health Care Facilities Revenue Refunding Bonds (HealthPartners Obligated Group), Series 2015B (the "Series B Bonds" and, together with the Series A Bonds, the "Series 2015 Bonds") and loan the proceeds derived from the sale of the Series 2015 Bonds to the Borrowers, pursuant to the terms of three separate Loan Agreements, all dated as of or after June 1, 2015, one between the HRA and Regions Hospital with respect to the Regions Hospital portion of the Series A Bonds (the "Regions Hospital Loan Agreement"), the second between the HRA and Park Nicollet with respect to the Park Nicollet portion of the Series A Bonds (the "Exempt Park Nicollet Loan Agreement") and the third between the HRA and Park Nicollet with respect to the Series B Bonds (the "Taxable Park Nicollet Loan Agreement" and, together with the Regions Hospital Loan Agreement and the Exempt Park Nicollet Loan Agreement, the "Loan Agreements") to refinance the Project and to pay a portion of the costs of issuing the Series 2015 Bonds and other related costs (collectively, the "Related Costs"); and

WHEREAS, the Series 2015 Bonds proposed to be issued by the HRA to refinance the Project and pay the Related Costs will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreements; (ii) other revenues pledged to or otherwise received by the Borrowers, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; and (iii) other security provided or arranged by the Borrowers; and

WHEREAS, on Monday, May 18, 2015 St. Louis Park will hold a public hearing and consider authorizing the HRA to issue the Series 2015 Bonds and approving a Fee Agreement dated as of or after June 1, 2015, between Park Nicollet and St. Louis Park setting forth its administrative fees for the refunding of the Series 2009 Bonds and the Series 2008C Bonds (the "Fee Agreement"); and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Series A Bonds may not be issued as tax-exempt bonds unless the Board of Commissioners of the HRA (the "Board") approves the Series A 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, on the date hereof, following the publication of a notice, in accordance with the Act and the Code, of a public hearing in the *Legal Ledger*, the official newspaper of the HRA, on April 27, 2015, and in the *Pioneer Press*, a newspaper of general circulation in the City, on April 25, 2015, at least 14 days before the date hereof, the Board conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal to undertake and refinance the Project and the proposed issuance of the Series 2015 Bonds; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Series 2015 Bonds in an original aggregate principal amount not to exceed \$525,000,000. If the Series 2015 Bonds are issued in more than one series, the separate series shall be separately designated as set forth above or in such other manner as is deemed appropriate by the Borrowers, in their discretion. The Series 2015 Bonds shall be issued under the terms of a Bond Trust Indenture, dated as of or after June 1, 2015 (the "Bond Indenture"), between the HRA and Wells Fargo Bank, National Association, as trustee (the "Bond Trustee").

As further provided herein, the Board of the HRA hereby authorizes and directs 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") to execute and deliver the Bond Indenture, and hereby authorizes and directs the execution of the Series 2015 Bonds in accordance with the terms of the Bond Indenture, and hereby provides that the Bond Indenture shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Series 2015 Bonds, the HRA, and the Bond Trustee as set forth therein.

All of the provisions of the Bond 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 Bond 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.

The Series 2015 Bonds shall bear interest at fixed rates established by the terms of the Bond Indenture; provided that the net interest cost on the Series 2015 Bonds shall not exceed 5.25%. The Series 2015 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 Bond Indenture, in the form now on file with the HRA, with the amendments referenced herein. The HRA hereby authorizes the Series A Bonds or any separate series of Series 2015 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, or as taxable bonds. The Series B Bonds or any separate series of Series 2015 Bonds may be issued as "taxable bonds" if deemed necessary and appropriate by the Borrowers and bond counsel.

All of the provisions of the Series 2015 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 2015 Bonds shall be substantially in the forms in the Bond 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 2015 Bonds, the stated maturities of each series of Series 2015 Bonds, the principal amount of Series 2015 Bonds maturing on each maturity date, the interest rates on the Series 2015 Bonds, and the terms of redemption of the Series 2015 Bonds) as the HRA Officials, in their discretion, shall determine. The execution of the Series 2015 Bonds with the manual or facsimile signatures of the HRA Officials and the delivery of the Series 2015 Bonds by the HRA shall be conclusive evidence of such determination.

2. The Series 2015 Bonds shall be special limited revenue obligations of the HRA payable solely from the revenues provided by the Borrowers, including without limitation, pursuant to the Loan Agreements and from the revenues and security pledged, assigned, and granted pursuant to the following documents: (i) the Master Trust Indenture, dated as of October 15, 2003 (as supplemented from time to time, the "Master

Trust Indenture”), between the Borrowers, the other obligors named therein, and Wells Fargo Bank, National Association, as trustee (the “Master Trustee”); (ii) the Supplemental Trust Indenture No. 8 dated as of or after June 1, 2015 (the “Supplemental Indenture No. 8”) between Park Nicollet and the Master Trustee; (iii) the Supplemental Trust Indenture No. 9 dated as of or after June 1, 2015 (the “Supplemental Indenture No. 9”) between Regions Hospital and the Master Trustee; (iv) the Supplemental Trust Indenture No. 10 dated as of or after June 1, 2015 (the “Supplemental Indenture No. 10”) between Park Nicollet and the Master Trustee; (v) the Supplemental Trust Indenture No. 11 dated as of or after June 1, 2015 (the “Supplemental Indenture No. 11”) between Park Nicollet and the Master Trustee; and (vi) the Master Notes issued by the Borrowers pursuant to the Master Trust Indenture, as supplemented (the “Master Notes”) to the HRA and assigned by the HRA to the Bond Trustee (the “Master Note Assignments”). The proceeds of the Series 2015 Bonds will be subject to the provisions of two Tax Exemption Agreements, both dated as of or after June 1, 2015, one between Regions Hospital and the Bond Trustee (“Regions Hospital Tax Exemption Agreement”) and the other between Park Nicollet and the Bond Trustee (the “Park Nicollet Tax Exemption Agreement” and together with the Regions Hospital Tax Exemption Agreement, the “Tax Exemption Agreements”) and a portion thereof will be deposited in accordance with one or more Escrow Agreements among the Borrowers, the Trustee and the trustee for the bonds to be refunded (the “Escrow Agreement”).

3. The loan repayments to be made by the Borrowers under their respective Loan Agreements and the Master Trust Indenture are fixed to produce revenues sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Series 2015 Bonds issued under this resolution when due, and the Loan Agreements also provide that the Borrowers are 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 Agreements.

4. As provided in the Loan Agreements, the Series 2015 Bonds shall not be payable from nor charged upon any funds other than the revenues 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 Series 2015 Bonds shall ever have the right to compel any exercise by the HRA or the City of any taxing powers to pay the Series 2015 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 Agreements and the revenues and assets thereunder, which will be assigned to the Bond Trustee under the terms of the Bond Indenture. The Series 2015 Bonds shall recite that the Series 2015 Bonds are issued pursuant to the Act, and that the Series 2015 Bonds, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Series 2015 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 one or more Bond Purchase Agreements, dated after the date hereof, relating to the Series 2015 Bonds, among Piper Jaffray & Co. and Wells Fargo Securities (together the “Underwriters”), HealthPartners, Inc., and the HRA (the “Purchase Contract”), the Loan Agreements, the Series 2015 Bonds, the Bond Indenture and the Master Note Assignments, any other documents listed in Section 2 to which the HRA is a party, and such other documents as bond counsel considers appropriate in connection with the issuance of the Series 2015 Bonds (collectively, the “Financing Documents”); provided that the Purchase Contract may be executed on behalf of the HRA solely by the Executive Director of the HRA. All of the provisions of the Financing Documents to which the HRA is a party, 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 to which the HRA is a party shall be substantially in the forms on file with the HRA which are hereby approved, with modifications as provided in Section 6.

6. The approval hereby given to the various Financing 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 thereto as may be necessary and appropriate and approved by legal counsel to the HRA, the appropriate HRA staff person or by the officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said officers or staff members are hereby authorized to approve said changes on behalf of the HRA. The execution of any instrument by the appropriate officer or officers of the HRA 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 officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney, may act in their behalf.

7. The approval hereby given to the various Financing Documents referred to above includes approval of such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2015 Bonds, including various certificates of the HRA, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, a certificate or endorsement to the Borrowers' certificate as to arbitrage and rebate, and similar documents and the HRA Officials and other officers, employees, and agents of the HRA are hereby authorized to execute and deliver such related documents on behalf of the HRA. The HRA hereby approves the execution and delivery by the Bond Trustee of the Bond Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the Series 2015 Bonds that require execution by the Bond Trustee. The Bond Trustee is hereby appointed as Bond Registrar and paying agent with respect to the Series 2015 Bonds and as escrow agent pursuant to the Escrow Agreement. The HRA hereby authorizes Kennedy & Graven, Chartered, as bond counsel to the HRA, to prepare, execute, and deliver one or more approving legal opinions with respect to the Series 2015 Bonds.

8. The authority to approve, execute and deliver future amendments to Financing Documents entered into by the HRA in connection with the issuance of the Series 2015 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 Series 2015 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 the Executive Director's place and stead.

9. 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 2015 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 - The 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 Underwriters of the Official Statement in connection with the offer and sale of the Series 2015 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 2015 Bonds. The HRA hereby approves the Continuing Disclosure Agreement, dated as of or after June 1, 2015 (the "Continuing Disclosure Agreement"), between HealthPartners, Inc. and the Bond Trustee, in the form now on file with the HRA, and hereby authorizes the

Bond Trustee to execute and deliver the Continuing Disclosure Agreement.

10. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the HRA or the Board 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, 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, or any officer, agent, or employee of the HRA in that person's individual capacity, and neither the Board nor any officer or employee executing the Series 2015 Bonds shall be liable personally on the Series 2015 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 2015 Bonds or in any other document relating to the Series 2015 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 Agreements and the Master Trust Indenture which are to be applied to the payment of the Series 2015 Bonds, as provided therein and in the Bond Indenture.

11. 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 2015 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 2015 Bonds issued under the provisions of this resolution.

12. In case any one or more of the provisions of this resolution, other than the provisions contained in Section 2 hereof with respect to the limited nature of the HRA's obligation on the Series 2015 Bonds, or of the aforementioned documents, or of the Series 2015 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 2015 Bonds, but this resolution, the aforementioned documents, and the Series 2015 Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

13. The Series 2015 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 2015 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 2015 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.

14. 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 2015 Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2015 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.

15. The Borrowers have 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 Borrowers. It is understood and agreed that the Borrowers shall indemnify, defend and hold harmless the HRA against all liabilities, losses, damages, costs and expenses (including attorneys' fees and expenses incurred by the HRA) arising with respect to the Project or the Series 2015 Bonds, as provided for and agreed to by and between the Borrowers and the HRA in the Loan Agreements.

16. The HRA hereby authorizes the issuance of the Series 2015 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 Series 2015 Bonds will be issued in minimum denominations of \$100,000.

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