



Legislation Text

File #: RES PH 19-114, **Version:** 1

Resolution giving preliminary approval to the proposed issuance or amendment of conduit revenue bonds for the Cretin-Derham Hall School Project, 550 South Albert Street, under Minnesota Statutes, Sections 469.152 through 469.1655; District 15, Ward 3

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 to finance or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue-producing enterprises, which property is used or useful in connection with a revenue producing enterprise, whether or not operated for profit; 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

WHEREAS, Cretin-Derham Hall, a Minnesota nonprofit corporation (the "Borrower") has proposed that the HRA approve (i) amendments to the terms of Educational Facilities Revenue Refunding Note, Series 2013 (Cretin-Derham Hall Project), issued by the HRA on September 24, 2013 in the original aggregate principal amount of \$11,630,000, approximately \$10,880,000 of which is currently outstanding (as amended, the "Series 2013 Note"), and (ii) the issuance by the HRA of revenue notes in one or more series (the "Series 2019 Note" and, together with the Series 2013 Note, the "Notes") pursuant to Minnesota Statutes, Sections 469.152-469.1655, as amended (the "Act"), proceeds of which will be loaned to Cretin-Derham Hall, a Minnesota nonprofit corporation (the "Borrower"), to finance the acquisition, construction and equipping of an approximately 6,000 square foot entry and gathering space addition, along with certain other improvements, to the Borrower's existing school facilities located at 550 South Albert Street, Saint Paul, Minnesota (the "School Facility") and other related costs (collectively, the "Project"); and

WHEREAS, the School Facility is owned and operated by the Borrower; 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 Notes; and

WHEREAS, the Borrower's proposal calls for the HRA to loan the proceeds realized upon the sale of the Notes 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 Notes and all costs and expenses of the HRA incident to the issuance and sale or amendment of the Notes; and

WHEREAS, the undertaking of the proposed Project and the issuance or amendment of the Notes to finance the cost thereof will further promote the public purposes and legislative objectives of the Act; 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 Notes to be issued or amended to finance or refinance 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 within the City 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 Notes in the approximate principal amount of \$19,500,000 to be issued or amended by the HRA pursuant to the Act to finance or refinance 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(b) 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 encourage the development of economically sound industry and commerce, to assist in the prevention of the emergence of blighted and marginal land, to help prevent chronic unemployment, 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.

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 Notes, and their respective attorneys, as to the maturities, interest rates and other terms and provisions of the Notes 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. The actions of the HRA and its staff regarding the issuance or amendment of the Notes, in causing the Notice of Public Hearing to be published describing the general nature of the Project and estimating the principal amount of the Notes to be issued or amended to finance or refinance the Project, and in preparing a draft of the proposed application to DEED for approval of the Project, a copy of which has been available for inspection by the public in the office of the City of Saint Paul Department of Planning and Economic Development from and after the publication of the Notice of Public Hearing, are in all respects ratified and confirmed.

5. 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.

6. 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 whether or not the Project is carried to completion and whether or not the Project is approved by DEED will be paid by the Borrower. The Borrower shall also comply with the HRA's fee policies respecting such revenue bond issues.

7. 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. The Borrower will prepare a plan

targeting employment to such individuals using such mechanisms as are available to the Borrower, which may include using a State Workforce Center.

8. 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 Notes 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 Notes 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 Notes or the interest thereon, or to enforce payment thereof against any property of the HRA or the City. The Notes shall recite in substance that the Notes, including interest thereon, are payable solely from the revenue and proceeds pledged to the payment thereof. The Notes shall not constitute a debt of the HRA or the City within the meaning of any constitutional or statutory limitation.

9. The adoption of this resolution by the HRA does not constitute a guarantee or a firm commitment that the HRA will issue or amend the Notes as requested by the Borrower. The HRA reserves the right, in its sole discretion, to withdraw from participation and accordingly not issue or amend any Notes to finance or refinance the Project at any time prior to the adoption of the final resolution authorizing the issuance or amendment of such Notes 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.