

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF SPECIAL MEETING**

Special Meeting of the City Council of Monday, May 4, 2020 - 5:30 p.m.

****This meeting will be conducted electronically - See below for electronic access.****

- I. **CALL TO ORDER**
- II. **NEW BUSINESS**
 - A. Issuance of River's Edge Hospital Debt Under Payroll Protection Program
- III. **ADJOURNMENT**

As provided for in M.S. 13D.021, City Council meetings may be conducted by telephone or other electronic means under certain conditions. This meeting of the City Council will only be accessible electronically using GoToMeeting software which is available at no charge (link below) or by calling as indicated below. This works best utilizing Google Chrome or Microsoft Edge as your browser. Here is the information necessary to access the meeting electronically:

Please join meeting from your computer, tablet or smartphone at:
<https://global.gotomeeting.com/join/591790045>

You can also dial in using your phone (Toll Free): 1 866 899 4679 or - One-touch:
<tel:+18668994679,,591790045#>

Access Code: 591-790-045



DDA

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Public Finance Advisors

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April 29, 2020

City of Saint Peter
Todd Prafke, City Administrator
227 South Front Street
Saint Peter, MN 56082

RE: U.S. Small Business Administration - Paycheck Protection Program

Honorable Mayor, Council Members, and Administrator Prafke:

River's Edge Hospital staff were recently made aware that governmental units are now eligible to make application to the Paycheck Protection Program offered by the U.S. Small Business Administration (SBA). The program was created to provide a direct incentive for employers to keep their workers on the payroll during the Coronavirus pandemic. As River's Edge has been negatively impacted by the Coronavirus pandemic, a program application to provide funding in the amount of \$1,577,635 has been initiated through Pioneer Bank in St. Peter.

Under the Paycheck Protection Program the SBA will forgive loans if all employees are kept on the payroll for eight weeks, and the money is used for payroll, rent, mortgage interest, or utilities. Applications are made through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating.

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees for making application.

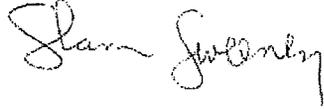
Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Loans made through this program have a maturity of 2 years and an interest rate of 1% unless otherwise forgiven.

As a public entity created by Minnesota Statute, the City is required to issue debt in the form of a bond issue. In this instance bond counsel has recommended that a hospital revenue note (bond) be issued to the lender as a pledge of repayment for the program loan. Bond counsel has drafted the enclosed awarding resolution for Council consideration on May 4, 2020. It is my understanding that Paycheck Protection Program funds were obligated very quickly, and that action is required on the enclosed resolution prior to May 7, 2020.

A previous obligation incurred for the recent River's Edge expansion included covenants that may not have allowed the Hospital to incur additional debt in this manner. The lender that provided the prior funding has agreed to waive that covenant for the proposed Paycheck Protection Program funding.

Please feel free to contact me if you have any questions regarding the information provided.
Thank you for your time and consideration

Sincerely,

A handwritten signature in cursive script that reads "Shannon Sweeney". The signature is written in black ink and is positioned above the typed name.

Shannon Sweeney, Associate
David Drown Associates, Inc.

CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2020-

**STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)**

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF A TAXABLE HOSPITAL
REVENUE NOTE OF 2020 (RIVER'S EDGE HOSPITAL), AND AUTHORIZING EXECUTION
OF RELATED DOCUMENTS**

WHEREAS, the City of Saint Peter, Minnesota (the "Issuer") is, by the Constitution and the laws of the State of Minnesota, including Minnesota Statutes, Sections 447.45 to 447.50, as amended, and Chapter 475 (collectively, the "Act"), authorized to issue and sell its bonds to finance various activities authorized by the Act, including providing funds for working capital; and

WHEREAS, the Board of Commissioners of River's Edge Hospital and Clinic (the "System"), an enterprise operation of the Issuer, has requested that the Issuer issue and sell its Taxable Hospital Revenue Note of 2020 (River's Edge Hospital) (the "Note"), pursuant to this Resolution and the Act, and in accordance with the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and such rules and regulations promulgated thereunder by the U.S. Small Business Administration as contained in its Paycheck Protection Program, to finance payroll costs and other permitted working capital expenses (collectively, the "Project"); and

WHEREAS, the Issuer has retained David Drown Associates, Inc. as an independent financial advisor in the negotiated sale of the Note pursuant to Minnesota Statutes, Section 475.60, Subdivision 2(9); and

WHEREAS, forms of the following documents relating to the Note have been submitted to the Issuer including the Note and a Disbursement Authorization (the "Disbursement Authorization") by and between the Issuer, the System, and the Purchaser (as defined below).

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA (THE "ISSUER"), THAT:

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

(a) The Issuer is a municipal corporation and a political subdivision of the State of Minnesota and is authorized under the Act to issue and sell the Note for the purpose, in the manner, and upon the terms and conditions set forth in the Act and in this Resolution.

(b) The issuance and sale of the Note, pursuant to the Act, is in the best interest of the Issuer, and the Issuer hereby determines to issue the Note and to sell the Note to Pioneer Bank in Saint Peter, Minnesota (the "Purchaser"), as provided herein.

(c) The Project is authorized under the Act.

(d) There is no litigation pending or, to the best of its knowledge, threatened against the Issuer relating to the Note, or the Disbursement Authorization or questioning the due

organization of the Issuer, or the powers or authority of the Issuer to issue the Note and undertake the transactions contemplated hereby.

(e) The execution, delivery, and performance of the Issuer's obligations under the Note, and the Disbursement Authorization do not and will not violate any order of any court or other agency of government of which the Issuer is aware or in which the Issuer is a party, or any indenture, agreement or other instrument to which the Issuer is a party or by which it or any of its property is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument.

(f) It is desirable that the Note be issued by the Issuer upon the terms set forth in this Resolution, under the provisions of which the Issuer hereby irrevocably pledges the revenues of the System to the payment of the Note.

(g) Under the provisions of the Act, the Note is not to be payable from or charged upon any funds of the Issuer other than the revenues of the System and certain other amounts which are pledged hereby to the payment thereof; no owners of the Note shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Note or the interest thereon, nor to enforce payment thereof against any property of the Issuer (other than the revenues of the System and certain other amounts); the Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer; and the Note issued under this Resolution shall effectively recite that such Note, including interest thereon, shall not constitute or give rise to a charge against the general credit or taxing powers of the Issuer.

2. Acceptance of Offer. The offer of the Purchaser, to purchase the Note in accordance with the terms established therefor, at the rate of interest set forth in the Note, and to pay therefor the sum of \$1,577,600, is hereby accepted.

3. Title; Original Issue Date; Denomination; Maturity. The Note shall be known as "Taxable Hospital Revenue Note of 2020 (River's Edge Hospital)," shall be dated the date of delivery and shall be delivered forthwith on or after such date as a fully registered note. The Note shall be in the denomination of the entire principal amount. The Note shall mature as described in the Note (the "Maturity Date"), in the amount of \$1,577,600, or so much thereof as shall be disbursed pursuant to the Disbursement Authorization. The principal shall be paid, from revenues of the System hereby irrevocably pledged thereto, in the amount specified above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of the Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce the unpaid principal.

4. Interest. The Note shall bear interest on so much of the principal amount of the Note as is disbursed, as provided in the Disbursement Authorization and remains unpaid, from the date of disbursement until the principal amount of the Note has been paid or provided for, at a taxable rate of 1.000%. Interest shall accrue only on the aggregate amount of the Note which has been disbursed and is unpaid under the Disbursement Authorization.

5. The Note.

(a) Authorized Amount and Form of Note. The Note is hereby approved and shall be issued pursuant to this Resolution in substantially the form submitted to the City Council with such

appropriate variations, omissions, and insertions as are necessary and appropriate and are permitted or required by this Resolution, and supplements hereto, and in accordance with the further provisions hereof; and the total aggregate principal amount of the Note that may be outstanding hereunder is expressly limited to \$1,577,600, unless a duplicate Note is issued pursuant to Section 5(g). The Note shall bear interest at a rate as described in 4 above and set forth in the Note. Issuance of a replacement Note may be made pursuant to a supplemental resolution of the City Council meeting the requirements herein.

(b) The Note. The Note shall be dated as of the date of delivery to the Lender, shall be payable at the times and in the manner, shall bear interest at the rate, and shall be subject to such other terms and conditions as are set forth therein.

(c) Execution. The Note shall be executed on behalf of the Issuer by the signatures of its Mayor and the City Administrator and shall be sealed with the seal of the Issuer; provided that the seal may be intentionally omitted as provided by law. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. In the event of the absence or disability of the Mayor or the City Administrator such officers of the Issuer as, in the opinion of the City Attorney, may act in their behalf, shall without further act or authorization of the City Council execute and deliver the Note.

(d) Delivery of Initial Note. Before delivery of the Note there shall be filed with the Purchaser (except to the extent waived by the Purchaser) items required by the Purchaser.

(e) Disposition of Proceeds of the Note. Upon satisfying all requirements, the Purchaser shall disburse the proceeds of the Note for costs of the Project.

(f) Registration of Transfer. The Issuer will cause to be kept at the office of the City Administrator a Note Register in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of transfers of ownership of the Note. The Note shall be initially registered in the name of the Purchaser and shall be transferable upon the Note Register by the Purchaser in person or by its agent duly authorized in writing, upon surrender of the Note together with a written instrument of transfer satisfactory to the Issuer Administrator, duly executed by the Purchaser or its duly authorized agent. The following form of assignment shall be sufficient for said purpose.

For value received _____ hereby sells, assigns and transfers unto _____ the within Note of the City of Saint Peter, Minnesota, and does hereby irrevocably constitute and appoint _____ attorney to transfer said Note on the books of such City with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Section 5(i) of the Resolution authorizing the issuance of the Note.

Dated: _____

Registered Owner

Upon such transfer the City Administrator shall note the date of registration and the name and address of the new holder in the applicable Note Register and in the registration blank appearing on the Note.

(g) Mutilated, Lost or Destroyed Note. In case a Note issued hereunder shall become mutilated or be destroyed or lost, the Issuer shall, if not then prohibited by law, cause to be executed and delivered, a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the Purchaser's paying the reasonable expenses and charges of the Issuer in connection therewith, and in the case of a Note destroyed or lost, the filing with the Issuer of evidence satisfactory to the Issuer with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

(h) Ownership of Note. The Issuer may deem and treat the person in whose name a Note is last registered in the Note Register and by notation on the Note whether or not such Note shall be overdue, as the absolute owner of such Note for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the Issuer shall not be affected by any notice to the contrary.

(i) Limitation on Note Transfers. The Note will be issued to an "accredited investor" and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note may not be assigned or transferred in whole or part, nor may a participation interest in the Note be given pursuant to any participation agreement, except to another "accredited investor" or "financial institution" in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s).

(j) Issuance of a New Note. Subject to the provisions of Section 5(i), the Issuer shall, at the request of the Purchaser, issue a new note, in aggregate outstanding principal amount equal to that of the Note surrendered, and of like tenor except as to number, principal amount, and the amount of the periodic installments payable thereunder, and registered in the name of the Purchaser or such transferee as may be designated by the Purchaser.

6. Approval and Execution of Note Documents. The forms of the documents referred to in paragraph D of the recitals, are hereby approved. The Note and the Disbursement Authorization (collectively, the "Note Documents") shall be executed in the name and on behalf of the Issuer by the Mayor and the City Administrator in substantially the forms on file and then shall be delivered to the Purchaser. The approval hereby given to the Note Documents includes approval of (a) 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 Bond Counsel and the Issuer officials authorized herein to execute said documents prior to their execution and (b) such additional documents, agreements or certificates as may be necessary and appropriate in connection with the Note Documents, as are approved by Bond Counsel and Issuer officials authorized herein to execute said documents prior to their execution; and said Issuer officials are hereby authorized to approve said changes or additional documents, agreements or certificates 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 documents in accordance with the terms thereof and hereof. In the absence (or inability) of the Mayor or the City Administrator, any of the documents authorized by this resolution

to be executed by them may be executed by the Acting Mayor or the Acting City Administrator, respectively.

7. Approval, Execution and Delivery of Note. The Issuer shall proceed forthwith to issue the Note, in an aggregate principal amount not to exceed \$1,577,600, in the form and upon the terms set forth in this Resolution; provided, however, that the initial aggregate principal amount of and the maturity of the Note, the interest rates thereon, and any provisions for the prepayment thereof shall all be as set forth in the final form of the Note to be approved, executed and delivered by the officers of the Issuer authorized to do so by the provisions of this Resolution, which approval shall be conclusively evidenced by such execution and delivery. The Purchaser has agreed pursuant to the provisions of the Note, and subject to the conditions therein set forth, to purchase the Note at the purchase price set forth in the final form of the Note, and approval of said purchase price shall be conclusively evidenced by execution and delivery of the Note by the officers of the Issuer authorized to do so by the provisions of this Resolution. The Mayor and City Administrator and other Issuer officers are authorized and directed to prepare and execute the Note Documents and to deliver them to the Purchaser, together with a certified copy of this Resolution and the other documents required by the Note shall contain a recital that it is issued pursuant to the Act, and such recital shall be conclusive evidence of the validity and regularity of the issuance thereof.

8. Certificates, Additional Agreements, etc. The Mayor, City Administrator, and other officers of the Issuer and System Board are authorized and directed to prepare and furnish to bond counsel and the Purchaser, when issued, certified copies of all proceedings and records of the Issuer and System relating to the Note, such additional agreements as may be necessary in connection with the issuance of the Note and such other affidavits and certificates as may be required to show the facts appearing 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.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this 4th day of May, 2020.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator