

Board of Commissioners of
Ramsey County, Minnesota

RESOLUTION NO. _____

Title: Resolution Providing for the Defeasance of a Portion of the County’s Outstanding General Obligation Capital Improvement Plan Refunding Bonds, Series 2016C Relating to the Ramsey County Care Center, and Authorizing Execution of an Escrow Agreement

Background and Rationale:

Pursuant to a resolution adopted by this Board on July 19, 2016 (the “Bond Resolution”), the County issued its General Obligation Capital Improvement Plan Refunding Bonds, Series 2016C (the “2016C Bonds”), dated August 18, 2016, in the original aggregate principal amount of \$15,825,000, pursuant to Minnesota Statutes, Chapter 475, as amended (collectively, the “Act”). A portion of the 2016C Bonds in the original principal amount of \$1,220,000 refinanced prior bonds issued by the County for the acquisition and betterment of the Ramsey County Care Center, of which \$545,000 remains outstanding (the “Defeased Portion”).

In connection with the sale of the Ramsey County Care Center, the County has determined to redeem and prepay the Defeased Portion of the 2016C Bonds. The 2016C Bonds maturing in the years 2026 and thereafter, are subject to redemption and prepayment at the option of the County on February 1, 2025, and on any date thereafter at a price of par plus accrued interest. In connection with such redemption and prepayment, the County has determined to defease the Defeased Portion of the 2016C Bonds by appropriating certain legally available funds in an amount that, if invested in securities authorized by Minnesota Statutes, Chapter 118A, will provide for the payment of principal and interest on the Defeased Portion of the 2016C Bonds prior to and on February 1, 2025 (the “Redemption Date”).

To accomplish defeasance of the Defeased Portion of the 2016C Bonds, the County will establish an Escrow Account (the “Escrow Account”) with U.S. Bank Trust Company, National Association (the “Escrow Agent”), a suitable financial institution in the State of Minnesota whose deposits are insured by the Federal Deposit Insurance Corporation and whose combined capital and surplus is not less than \$500,000. A form of escrow agreement (the “Escrow Agreement”) is presented to the Board.

The defeasance of the Defeased Portion of the 2016C Bonds as provided for in this Board Action is not to be construed as impairing or affecting the covenants with or pledges to the holders of the 2016C Bonds contained in the Bond Resolution. For the prompt and full payment of the principal and interest on the Defeased Portion of the 2016C Bonds, as the same respectively become due, those funds pledged in the Bond Resolution have been and are irrevocably pledged (the “Pledged Funds”). When the Defeased Portion of the 2016C Bonds and interest thereon have been discharged as provided in this Resolution and the Escrow Agreement, all pledges, covenant and other rights granted by this Resolution and the Bond Resolution to the holders of the Defeased Portion of the 2016C Bonds will cease.

Recommendation:

The Board of Commissioners of Ramsey County, Minnesota resolves to:

1. Approve the form, execution and delivery of Escrow Agreement, together with any related documents necessary in connection therewith (collectively, the “Escrow Documents”).
 - a. The Chair of the County Board, its Chief Clerk, and the County Manager of the County (the “Authorized Officials”) are authorized to execute the same on behalf of the County on the date of the settlement of the escrow defeasance (the “Closing Date”).

- b. The approval hereby given to the Escrow Documents 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 County and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the County.
 - c. The execution of any instrument by the appropriate officers of the County herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof.
 - d. 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 County Board by any duly designated acting official, or by such other officer or officers of the County Board as, in the opinion of the County Attorney, may act in their behalf.
- 2. Cause the Escrow Agent to deliver:
 - a. The Notice of Defeasance attached as Exhibit C to the Escrow Agreement to be filed with the Municipal Securities Rulemaking Board within 10 business days of the Closing Date.
 - b. The Notice of Call for Redemption attached as Exhibit B to the Escrow Agreement not less than 30 days prior to the Redemption Date to The Depository Trust Company (a limited purpose trust company), New York, New York ("DTC"), for the purpose of giving notice prior to the Redemption Date to the registered owners of the Defeased Portion of the 2016C Bonds to be redeemed, at their addresses appearing on the bond register.
- 3. Approve the appropriation, pledge, and transfer to the Escrow Account, on the Closing Date, of the amount that is needed for payment of the principal and interest of the Defeased Portion of the 2016C Bonds on and prior to the Redemption Date. As of the date of this resolution, the amount needed to fund the Escrow Account is expected to be \$573,616.53 (including transaction costs), but the exact amount will be determined as of Closing Date based on the price of securities purchased to fund the Escrow Account.
 - a. The funds are to be invested in securities maturing or callable at the option of the holder on such dates and bearing interest at such rates as may be required to provide sufficient monies together with cash or other monies in the Escrow Account to pay when due the principal amount of and interest on the Defeased Portion of the 2016C Bonds on and prior to the Redemption Date. The funds may be used only for the purposes stated in this Section, except that any surplus remaining in the Escrow Account, when all of the Defeased Portion of the 2016C Bonds and interest thereon have been paid, shall be transferred to the general fund of the County.
 - b. Securities to be purchased from the funds are limited to securities specified in Section 475.67, subdivision 8 of the Act. The Authorized Officials are authorized and directed to purchase the securities for the Escrow Account and to transfer them to the Escrow Agent as provided in the Escrow Agreement.
 - c. If the balance in the Escrow Account is ever insufficient to pay all principal and interest then due on the Defeased Portion of the 2016C Bonds, the deficiency must be promptly paid out of the Pledged Funds and, if such amounts are insufficient, from taxes hereafter levied for the payment of the Defeased Portion of the 2016C Bonds and such funds may be reimbursed with or without interest from the Escrow Account when a sufficient balance is available therein.