

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 8, 2023

REGARDING: RESOLUTION APPROVING THE ADOPTION OF THE FOURTH AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR THE DOWNTOWN AND SEVENTH PLACE (FOR THE MINNESOTA EVENT DISTRICT) TAX INCREMENT FINANCING DISTRICT AND AUTHORIZING THE EXECUTION OF RELATED AMENDMENTS TO DOCUMENTS, INCLUDING AN AMENDED AND RESTATED TAX INCREMENT AGREEMENT, AND APPROVING AN HRA BUDGET AMENDMENT; DISTRICT 17, WARD 2

Requested Board Action:

Authorization to approve the Fourth Amendment to the Minnesota Event TIF Plan and Amended and Restated Tax Increment Agreement with Ramsey County, and the approval of an HRA budget amendment consistent with the amended TIF Plan budget. A City Council public hearing will be held on this same date considering a companion resolution approving the same documents.

Background

In July 2008, the City and HRA approved the establishment of the Minnesota Event Tax Increment Financing District (the “MN Event TIF District”) following the passage of Laws of Minnesota 2008, Chapter 366, Article 5, Section 36 (the “2008 Special Law”), allowing a new redevelopment TIF district to be established with certain parameters. The establishment of the MN Event TIF District and adoption of the TIF Plan after passage of the 2008 Special Law was specifically to assist in the repayment of bonds issued to finance capital improvements for the RiverCentre Arena complex (the “TIF District” and “TIF Plan”). The term of the TIF District and TIF Plan was for a 15-year collection period (2009-2023).

The parameters also included the execution of an agreement with the County to pay the County, from the annual tax increments from the MN Event TIF District, the amount of taxes they otherwise would have received (the “Tax Increment Agreement”).

In 2014, following the passage of Laws of Minnesota 2014, Chapter 140, Article 5, Section 5, amending the 2008 Special Law, the MN Event TIF Plan was amended to enable the tax increments, after payment to the County, to be used to pay debt service on the City's bonds issued in 2009 and any subsequent refinancing for the RiverCentre Arena complex (the "Amended Special Law").

In May, 2023, Laws of Minnesota 2023, Chapter 64, Article 8, Sections 4 and 5 further amended the Amended Special Law to extend the duration of the TIF District for another 10 years and to revise the eligible expenditures to include the facilitation of capital improvements within the City's RiverCentre complex, including but not limited to the St. Paul RiverCentre, Xcel Energy Center, Roy Wilkins Auditorium, and St. Paul RiverCentre Parking Ramp and adjacent areas controlled by the City (the "2023 Special Law").

The City Council adopted RES 23-1276 on September 6, 2023, approving the 2023 Special Law. The 2023 Special Law also required approvals from the School Board and County, to be effective, with the extended duration of the TIF District. The School Board approved the 2023 Special Law on September 19, 2023, and the County Board will be considering a resolution to approve the 2023 Special Law later this month.

The TIF Plan needs to be amended to extend the duration of collections and to enable the additional expenditures. The City pursued the 2023 Special Law extending the TIF District and revising the use of the tax increments, to generate a consistent revenue stream to invest in the RiverCentre complex, one of our most important economic development drivers in downtown Saint Paul. This investment will allow the RiverCentre complex to continue to generate significant sales tax, hotel occupancy tax and jobs.

The Fourth Amendment to the TIF Plan is attached (the "Fourth Amendment"). With the extension of the TIF District pursuant to the 2023 Special Law and Fourth Amendment, the Tax Increment Agreement with the County has been amended and restated and is attached (the "Amended and Restated Tax Increment Agreement").

Budget Action

The HRA is approving a budget amendment to align with the financing and spending included in the Fourth Amendment as shown below. The HRA budget amendment included in the attached Financial Analysis will track the additional revenue and costs from Pay 2024 through Pay 2033.

The budget amendment included in the Fourth Amendment is shown below.

ESTIMATED TAX INCREMENT REVENUES	Original TIF Plan Budget	2023 Amendment	Amended TIF Plan Budget
Tax Increment Revenue (1)	\$116,645,421	\$64,885,946	\$181,531,367
Interest and Investment Earnings	\$0	\$400,000	\$400,000
Estimated Tax Increment Revenues	\$116,645,421	\$65,285,946	\$181,931,367
ESTIMATED PROJECT/FINANCING COSTS	Original TIF Plan Budget	2023 Amendment	Amended TIF Plan Budget
Land/Building Acquisition	\$0	\$0	\$0
Site Improvements/Preparation Costs	\$0	\$0	\$0
Utilities	\$0	\$0	\$0
Bond Principal and Interest Payments (Pay 2009-2023)	\$69,680,676	\$0	\$69,680,676
Other Qualifying Public Improvements (Pay 2024-2033) (2)	\$0	\$39,091,296	\$39,091,296
Construction of Affordable Housing	\$0	\$0	\$0
Administrative Costs	\$0	\$0	\$0
Tax Increment Project Costs	\$69,680,676	\$39,091,296	\$108,771,972
Tax Increment Returned to the County	\$46,964,745	\$26,194,650	\$73,159,395
Total Est. Project Costs Paid From Tax Increment	\$116,645,421	\$65,285,946	\$181,931,367

(1) Net of State Auditor Deduction

(2) MN Laws 2023, Chapter 64, Article 8, Subd. 3 allows tax increments to be expended to facilitate capital improvements within the city's RiverCentre complex, including but not limited to the St. Paul RiverCentre, Xcel Energy Center, Roy Wilkins Auditorium, and St. Paul RiverCentre Parking Ramp and adjacent areas controlled by the city.

Future Action

The City Council will hold a public hearing and consider a resolution approving the Fourth Amendment and Amended and Restated Tax Increment Agreement on this same date.

PED Credit Committee Review

N/A

Compliance

The expenditure of tax increments to facilitate capital improvements within the City's RiverCentre complex will adhere to all City and HRA requirements.

Public Purpose/Comprehensive Plan Conformance:

The Fourth Amendment will contribute to investments in the City's RiverCentre complex which investments are in conformance with the City of Saint Paul's Comprehensive Plan, as follows:

- From the land use chapter of the 2040 comprehensive plan:
 - Downtown is intended to continue growing and diversifying while building on its great neighborhood, commercial and cultural assets, especially its location on the Mississippi River.

The following strategies are from the Downtown Development Strategy, 2005:

- **Strategy 3.1.** Support the diversity of cultural offerings downtown by continuing to invest in and strengthen downtown's cultural "nodes," such as Lowertown, the emerging West Seventh entertainment district, and the area around Rice Park.
- **Strategy 5.24.** Strengthen and publicize the amenities that make downtown Saint Paul a creative downtown environment, such as active streets, attractive and well-maintained parks and other public spaces, vibrant cultural attractions, food and entertainment venues, good connections to the river and other special amenities.
- **Strategy 7.16.** Continue to upgrade downtown "gateways" and approaches as important gathering places, street identifiers, and major elements of the city fabric.

Recommendation:

The Executive Director recommends approval of the resolution authorizing the approval of the Fourth Amendment to the Minnesota Event TIF Plan and Amended and Restated Tax Increment Agreement with Ramsey County, and the approval of an HRA budget amendment consistent with the amended TIF Plan budget.

Sponsored by: Commissioner Noecker

Staff: Jenny Wolfe (651-266-6680)

Attachments

- **Financial Analysis**
- **Fourth Amendment**
- **Amended and Restated Tax Increment Agreement**