

Third Draft
Tuesday, March 20, 2018

SECOND AMENDED AND RESTATED PLEDGE AGREEMENT

between

CITY OF SAINT PAUL, MINNESOTA

and

**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL**

Dated as of May 1, 2018

Relating to:

**City of Saint Paul, Minnesota
General Obligation Tax Increment Refunding Bonds
Series 2018C**

This instrument drafted by:
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SECOND AMENDED AND RESTATED PLEDGE AGREEMENT

THIS SECOND AMENDED AND RESTATED PLEDGE AGREEMENT, dated as of May 1, 2018 (the “Pledge Agreement”) is made and entered into by and between the CITY OF SAINT PAUL, MINNESOTA (the “City”), and the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA (the “HRA”), which amends and restates in its entirety the Amended and Restated Pledge Agreement, dated as of October 1, 2009, and provides as follows:

RECITALS

A. WHEREAS, the HRA established a redevelopment project in the City under the provisions of Minnesota Statutes, Sections 469.001-469.047, as amended (the “HRA Act”), designated as the Seventh Place Redevelopment Project (the “Project”); and

B. WHEREAS, the HRA established a redevelopment tax increment financing district within the Project under the provisions of Minnesota Statutes, Section 469.174-469.179, as amended (the “Tax Increment Act”) pursuant to a resolution of the Board of Commissioners (the “Board”) of the HRA adopted on September 24, 1997, and designated the redevelopment tax increment financing district as the Block 39/Arena Redevelopment Tax Increment Financing District (the “District”); and

C. WHEREAS, pursuant to Resolution No. 97-1533 of the City Council of the City adopted on December 17, 1997, and approved by the Mayor on December 26, 1997, the City issued the following obligations on January 22, 1998: (i) General Obligation Tax Increment Bonds (Block 39 Project), Series 1998A (the “Series 1998A Bonds”), in the original aggregate principal amount of \$21,255,000; and (ii) Taxable General Obligation Tax Increment Bonds (Block 39 Project), Series 1998B (the “Series 1998B Bonds”), in the original aggregate principal amount of \$18,745,000 (hereinafter referred to collectively as the “Series 1998 Bonds”); and

D. WHEREAS, pursuant to Resolution No. 97-12/22-3, adopted on December 22, 1997, by the Board of the HRA, the Board approved certain actions to be taken by the HRA in conjunction with the issuance of the Series 1998 Bonds and approved the execution and delivery of a tax increment pledge agreement relating to the Series 1998 Bonds (the “Original Pledge Agreement”); and

E. WHEREAS, the proceeds derived from the sale of the Series 1998 Bonds were provided by the City to the HRA to be applied to finance: (i) the acquisition by the HRA of land located within the District and bounded by Wabasha Street on the east, East Sixth Street on the north, St. Peter Street on the west, and East Fifth Street on the south (“Block 39”); (ii) the demolition of the existing structures on Block 39; (iii) site preparation on Block 39; (iv) the construction of an approximately 1,073-space parking facility on the eastern two-thirds of Block 39 (the “Parking Facility”); and (v) the construction of approximately 12,000 square feet of retail space in the Parking Facility on Wabasha Street (the “Retail Facility”); and

F. WHEREAS, pursuant to Resolution No. 09-1012, adopted by the City Council of the City on September 16, 2009, and approved by the Mayor on September 23, 2009, the City issued the following obligations on October 19, 2009: (i) General Obligation Tax Increment Refunding Bonds, Series 2009G (the “Series 2009G Bonds”), in the original aggregate principal amount of \$20,695,000, and as of February 1, 2018, outstanding in the principal amount of \$14,500,000; and (ii) Taxable General Obligation Tax Increment Refunding Bonds, Series 2009H (the “Series 2009H Bonds,” and collectively with the Series 2009G Bonds, the “Series 2009 Bonds”), in the original aggregate principal amount of \$8,655,000, which are no longer outstanding; and

G. WHEREAS, pursuant to Resolution No. 09-8/26-1, adopted on August 26, 2009, by the Board of the HRA, the Board approved certain actions to be taken by the HRA in conjunction with the issuance of the Series 2009 Bonds and approved the execution and delivery of an Amended and Restated Pledge Agreement, dated as of October 1, 2009 (the "Amended Pledge Agreement"), between the City and the HRA relating to the Series 2009 Bonds; and

H. WHEREAS, the proceeds derived from the sale of the Series 2009 Bonds were provided by the City to be applied to: (i) refund the Series 1998 Bonds; and (ii) pay the costs of issuance of the Series 2009 Bonds; and

I. WHEREAS, in order to provide for the redemption and prepayment of the outstanding Series 2009G Bonds, the City Council of the City will consider a resolution (the "Bond Resolution") authorizing the issuance by the City of its General Obligation Tax Increment Refunding Bonds, Series 2018C, in the original aggregate principal amount estimated not to exceed \$15,000,000 (the "Series 2018C Bonds"); and

J. WHEREAS, in addition to the pledge of its full faith and credit and taxing powers to the Series 2018C Bonds, the City will also pledge to the payment of the debt service on the Series 2018C Bonds the money held in the Debt Service Fund established by the terms of the Bond Resolution in which the City is required to deposit the following revenues: (i) tax increment revenues derived from the District (the "Tax Increments") and all investment earnings thereon to be held in a Tax Increment Account; and (ii) all net parking revenues derived from the operation of the Parking Facility (the "Parking Revenues") and all investment earnings thereon to be held in a Parking Revenues Account; and

K. WHEREAS, in connection with the issuance of the Series 2018C Bonds, the City and the HRA are entering into this Pledge Agreement to amend and restate and replace the Amended Pledge Agreement that the City and the HRA entered into in connection with the issuance of the Series 2009 Bonds and which amended and restated the Original Pledge Agreement; and

L. WHEREAS, the revenues derived from the operation of the Retail Facility are not pledged under this Pledge Agreement to the payment of the Series 2018C Bonds.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the City and HRA hereby covenant and agree as follows:

Section 1. Restatement and Termination of the Amended Pledge Agreement. This Pledge Agreement hereby amends, restates and supersedes the Amended Pledge Agreement that was entered into by the City and the HRA in connection with the issuance of the Series 2009 Bonds. Upon issuance of the Series 2018C Bonds, the Amended Pledge Agreement shall no longer be in effect and is cancelled and replaced by this Pledge Agreement.

Section 2. Pledge of Tax Increments. Subject to the provisions of this Section 2 and the priority of use and flow of funds set forth in Section 14 of the Bond Resolution, the HRA pledges the Tax Increments derived from the District to the payment of the principal of and interest on the Series 2018C Bonds in an amount sufficient: (a) for the payment of the principal of and interest on the Series 2018C Bonds due on each date on which such principal of or interest on the Series 2018C Bonds is payable; and (b) for the reimbursement of the City for any principal and interest on the Series 2018C Bonds which the City has paid from any City funds other than Tax Increments. Tax Increments derived from the District and other revenues to be applied to the payment of the debt service on the Series 2018C Bonds shall be

applied to payment of the Series 2018C Bonds in such order of priority as the City shall determine from time to time.

The HRA retains the right, with the consent of the City, to hereafter amend the pledge of the Tax Increments derived from the District in such manner deemed appropriate by the HRA and, in that regard, may pledge Tax Increments derived from the District to any other obligations, purpose, or use permitted by law; provided that the pledge of the Tax Increments derived from the District shall not be amended or altered in any manner that would cause a failure to comply with Minnesota Statutes, Section 475.58, subdivision 1(3), or Minnesota Statutes, Section 469.176, subdivision 4, or would violate any other statutory limitation or contractual obligation. The priority of any such other pledges shall be determined at the time thereof, and may be superior, subordinate, or on a parity with the pledge of Tax Increments to the payment of principal of and interest on the Series 2018C Bonds. A superior or parity pledge of Tax Increments shall only be made with the written consent of the City, but a subordinate pledge may be made without the written consent of the City.

Notwithstanding the foregoing, Tax Increments released from the Tax Increment Account of the Debt Service Fund pursuant to the terms of the Bond Resolution shall be released free and clear of the pledge made by this Pledge Agreement.

Section 3. Pledge of Parking Revenues. Subject to the provisions of this Section 3 and the priority of use and flow of funds set forth in Section 14 of the Bond Resolution, the HRA pledges to the payment of the principal of and interest on the Series 2018C Bonds the Parking Revenues in an amount sufficient: (a) after application of the Tax Increments as provided in Section 2, for the payment of the principal of and interest on the Series 2018C Bonds due on each date on which such principal of or interest on the Series 2018C Bonds is payable; and (b) for the reimbursement of the City for any principal and interest on the Series 2018C Bonds which the City has paid from any City funds other than Tax Increments, including from taxes levied on other property within the corporate limits of the City. Parking Revenues to be applied to the payment of the debt service on the Series 2018C Bonds shall be applied to payment of the Series 2018C Bonds as set forth in the Bond Resolution or in such order of priority as the City shall determine from time to time that conforms to the provisions of the Bond Resolution.

The HRA shall not pledge Parking Revenues to any other obligations, purpose, or use on a superior or parity basis without the consent of the City, but a subordinate pledge may be made without the consent of the City. Notwithstanding the foregoing, Parking Revenues released from the Parking Revenues Account of the Debt Service Fund pursuant to the terms of the Bond Resolution shall be released free and clear of the pledge made hereby.

The Parking Revenues pledged hereby are the net revenues derived from the operation of the Parking Facility. For this purpose, “net revenues” mean (i) the gross revenues derived from the operation of the Parking Facility, including all income of whatever kind attributable to the Parking Facility, less (ii) all costs and expenses of operation and maintenance of the Parking Facility incurred or expended in the ordinary course of business, including the deposits to the Repair and Replacement Fund (defined below) described in the following paragraph.

Section 4. Repair and Replacement Fund. As an expense of the operation and maintenance of the Parking Facility, the HRA shall establish a repair and replacement fund (the “Repair and Replacement Fund”) and deposit in such Repair and Replacement Fund an annual amount from the gross revenues derived from the operation of the Parking Facility that are in excess of all other costs and expenses of the operation and maintenance of the Parking Facility. The annual deposits to the Repair and Replacement Fund shall be \$75,000. The HRA may deposit in the Repair and Replacement Fund in any year an amount in excess of the minimum deposit required by the preceding sentence.

Section 5. Remittance.

(a) Tax Increments. All Tax Increments shall be remitted directly to the City and the City, acting as agent of the HRA, shall segregate all Tax Increments so received in the Tax Increment Account in the Debt Service Fund created by the Bond Resolution. The City shall pay over to the HRA all Tax Increments received in each year in excess of the amounts needed to pay the principal and interest on the Series 2018C Bonds as provided in Section 2 above and in the Bond Resolution. Subject to the terms of Section 2 hereof permitting certain amendments to the pledge of Tax Increments, the pledge of the Tax Increments shall be irrevocable until all of the Series 2018C Bonds, and interest thereon, have been fully paid and the City has been fully reimbursed from the Tax Increments for any principal and interest on the Series 2018C Bonds which may be paid from taxes levied on other property within the corporate limits of the City, provided that nothing herein shall be construed to entitle the HRA or City to receive or apply Tax Increments paid after the last date as of which the HRA is entitled to receive Tax Increments pursuant to the Tax Increment Act.

(b) Parking Revenues. All Parking Revenues shall be remitted directly to the City and the City, acting as agent of the HRA, shall segregate all Parking Revenues so received in the Parking Revenues Account in the Debt Service Fund created by the Bond Resolution. Parking Revenues received in each year in excess of the amounts used as provided in paragraph 2 above and in the Bond Resolution to pay the Series 2018C Bonds, shall be transferred from the Parking Revenues Account as further provided in the Bond Resolution. The pledge of Parking Revenues shall be irrevocable until all of the Series 2018C Bonds, and interest thereon, have been fully paid and the City has been fully reimbursed from the Parking Revenues for any principal and interest on the Series 2018C Bonds which may be paid from taxes levied on other property within the corporate limits of the City.

(c) Retail Facility Revenues. All revenues derived from the operation of the Retail Facility shall not be remitted to the City and such Retail Facility revenues are those of the HRA alone. The HRA will use the Retail Facility revenues for any purpose authorized under law.

Section 6. Filing. An executed copy of this Pledge Agreement shall be filed with the County Auditor of Ramsey County and shall constitute the request and authorization of the HRA and City to the County Auditor and Treasurer to compute, collect, and segregate the Tax Increments in accordance with the provisions of this Pledge Agreement and of Minnesota Statutes, Section 469.178, Subdivision 2, and to remit the same to the City acting as agent of the HRA.

Section 7. Disclosure. The HRA acknowledges that the City will execute a Continuing Disclosure Undertaking, dated on or after May 16, 2018 (the "Undertaking"), relating to the Series 2018C Bonds. The HRA hereby agrees and covenants to provide to the City such information as may be required to enable the City to fulfill its obligations under the Undertaking. Such information shall be provided at such times and in such form as the City may reasonably request. This Section shall apply only to material information within the HRA's possession, knowledge, or control.

Section 8. Effective Date. This Pledge Agreement shall become effective upon the actual issuance and delivery of the Series 2018C Bonds.

Section 9. Governing Law; Counterparts. This Pledge Agreement shall be governed by the laws of the State of Minnesota and may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Section 10. Severability. In case any one or more of the provisions contained in this Pledge Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Pledge Agreement.

Section 11. Headings. The headings contained herein are inserted for the convenience of reference only and shall not control or affect the meanings or construction of any of the provisions hereof.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City and HRA have caused this Pledge Agreement to be duly executed on their behalf, all as of the day and year first above written.

CITY OF SAINT PAUL, MINNESOTA

By: _____
Its: Mayor or his designee

By: _____
Its: City Clerk or her designee

By: _____
Its: Director, Office of Financial Services or his designee

Approved as to form:

Assistant City Attorney

(City signature page to Second Amended and Restated Pledge Agreement)

Execution page of the HRA to the Second Amended and Restated Pledge Agreement, dated as of the date first written above.

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

By: _____
Its: Chair or Commissioner

By: _____
Its: Executive Director

By: _____
Its: Director, Office of Financial Services of the City

Approved as to form:

Assistant City Attorney

(HRA signature page to Second Amended and Restated Pledge Agreement)

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