

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

**REPORT TO THE COMMISSIONERS**

**DATE: FEBRUARY 25, 2015**

**REGARDING: RESOLUTION CONSENTING TO THE ISSUANCE BY THE CITY OF  
LANDFALL VILLAGE, MINNESOTA OF A COMMERCIAL DEVELOPMENT  
REVENUE NOTE ON BEHALF OF GOODWILL INDUSTRIES, INC.  
(District 11, Ward 4)**

## **Requested Board Action**

The purpose of this report is to request approval by the HRA Board of the attached resolution providing consent to the issuance of bank qualified debt by the City of Landfall Village, Minnesota on behalf of Goodwill Industries, Inc. for their project located at 1221 University Avenue West.

## **Background**

Goodwill Industries, Inc. is a nonprofit corporation organized in 1919 under Minnesota laws and affiliated with Goodwill Industries International and Easter Seals (the “Applicant”). Goodwill provides employment programs and support services that assist individuals with disabilities or disadvantages in Minnesota. In 2014, they served 60,908 Minnesotans with their programs, which assisted 1,218 people in obtaining new jobs and assisted 222 people in advancing their careers. Goodwill employs 2,060 in Minnesota with 500 in Saint Paul.

In 2000, the HRA issued \$4,950,000 in conduit revenue bonds for the Goodwill Industries acquisition and renovation of a 165,000 square foot commercial industrial building on the corner of University Avenue and Fairview Avenue. The outstanding principal balance is \$2,860,175 and the bonds mature August 1, 2025.

The Applicant is purchasing a newly constructed building located at 1221 University Avenue West for a new retail store which will also provide job training and program development (the “Project”). The property is a two-story structure with a total of 33,026 total square feet on 1.06 acres. They expect to employ a total of 50 at this new store with 10 of those jobs newly created.

The property is zoned T2. See Attachment B for a Map of the Property, and Attachment C for a demographic profile of District 11, the Saint Paul Planning District in which the Project is located.

Bremer Bank has agreed to finance the Project through the purchase of a tax exempt revenue note in the approximate aggregate principal amount of \$6,575,000 (the “Note”), and their commitment to finance the Project is conditioned upon the Note being designated by the issuer as a “qualified tax-exempt obligation” (“bank qualified”) under Section 265(b) of the Internal Revenue Code. The HRA is not able to issue bank qualified obligations because we expect to issue more than \$10,000,000 in obligations in calendar year 2015. The Saint Paul Port Authority has declined to issue bank qualified obligations for this project in order to preserve their ability to issue for other projects.

The City of Landfall Village is willing to issue the Note to finance the Project and to designate the Note as bank qualified. Landfall is a community of approximately 686 residents living in approximately 300 low-income, manufactured housing units that are less than seven miles from Saint Paul, and many of Landfall’s residents use social services and shop at businesses in Saint Paul, including the Goodwill Project.

Since the Project is located within Saint Paul, Section 147(f) of the Internal Revenue Code requires that the HRA approve the issuance of the Note following a public hearing.

#### **Budget Action**

N/A

#### **Future Action**

N/A

#### **Financing Structure**

The costs are estimated to total \$6,568,393 for the acquisition and associated transaction costs, and will be covered by the proceeds from the tax-exempt obligations and any necessary funds from the Applicant.

**PED Credit Committee Review**

The PED Credit Committee reviewed the request to provide consent on February 18, 2015, and found it to be consistent with PED's conduit bond policy with regard to Host Approval.

**Compliance**

N/A

**Green/Sustainable Development**

N/A

**Environmental Impact Disclosure**

N/A

**Historic Preservation**

N/A

**Public Purpose/Comprehensive Plan Conformance**

N/A

**Statement of Chairman (for Public Hearing)**

"Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of consenting to the issuance by the City of Landfall Village, Minnesota of a commercial development revenue note in order to finance the cost of a project which is located in the City of Saint Paul, on behalf of Goodwill Industries, Inc. Notice of time, place, and purpose of this hearing was published in the Legal Ledger, the official newspaper of the Authority on the 9<sup>th</sup> of February, 2015, and in the Pioneer Press, a newspaper of general circulation in the City on the 7<sup>th</sup> of February, 2015. The Affidavits of Publication of each of the Notice of Public Hearing will be made a part of these proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned."

**Recommendation:**

The Executive Director recommends approval of the resolution in Attachment A.

**Sponsored by:** Commissioner Stark

**Staff:** Jenny Wolfe, 266-6680

**Attachments**

- **Attachment A -- Resolution**
- **Attachment B – Map of Project**
- **Attachment C -- Census Facts**