

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

REPORT TO THE COMMISSIONERS

DATE: December 11, 2013

REGARDING: RESOLUTION CONSENTING TO THE ISSUANCE OF A TAX-EXEMPT
REVENUE NOTE BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL
FOR THE ACHIEVE LANGUAGE ACADEMY PROJECT

(District 2, Ward 6)

Requested Board Action

Approval of the attached resolution (Attachment A) consenting to the issuance of a Tax-Exempt Revenue Note by the Port Authority of the City of Saint Paul for the Achieve Language Academy Project, the proceeds of which will refund previously issued HRA bonds.

Background

In August, 2003, the HRA issued \$6,840,000 in Lease Revenue Refunding Bonds for the Achieve Language Academy Project located at 2169 Stillwater Avenue in the City of Saint Paul. As of December 1, 2013, \$5,875,000 of the Series 2003A bonds is outstanding. The Port Authority of the City of Saint Paul (“Port Authority”) has received a request that it issue a bank qualified tax-exempt revenue note in an aggregate principal amount not to exceed \$6,000,000 (the “Note”), and loan the proceeds to Achieve Language Academy Building Company to refund existing HRA Lease Revenue Refunding Bonds, refinance existing Western Bank debt, finance renovations to the School, and pay financing costs.

MN Statutes, Section 469.155, Subd. 12, authorizes the issuance of refunding bonds by an entity other than the original issuer, with the consent of the original issuer. The Port Authority has requested that the HRA consent to the issuance by the Port Authority of the Note that will be used to refund the remaining Series 2003A bonds outstanding.

The HRA cannot issue a note designated as “bank qualified” because this designation is limited to issuers that issue no more than \$10 million of tax-exempt obligations during the calendar year. The HRA has exceeded this amount in 2013 and expects to do so in 2014 as well. The

designation of the Note as bank qualified allows the School to refinance debt with Western Bank and reduce their cost of borrowing with lower interest rates.

Budget Action

N/A

Future Action

None.

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

N/A

Recommendation:

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

Sponsored by: Commissioner Bostrom

Staff: Jenny Wolfe (6-6680)

Attachments

- Attachment A -- Resolution