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Authorizing a loan and 2023 budget amendment for the Saint Paul Port Authority's "The Heights" project; District 2, Ward 6.

...body

WHEREAS, the City of Saint Paul ("the City") formerly owned the Hillcrest Golf Course ("The Heights"); and

WHEREAS, The Land Use Chapter of the 2040 Saint Paul Comprehensive Plan (hereinafter, "2040 Plan") identifies the former Hillcrest Golf Course site as an "opportunity site" which, under the 2040 Plan, are sites guided for redevelopment with "higher-density mixed-use development" or "employment centers with increased full-time living wage job intensity"

WHEREAS, after a public hearing, planning commission resolution, neighborhood planning committee memo, and collaborative conversations, the city council adopted the master plan for the development of the Heights at the former Hillcrest Golf Course site on June 1, 2022 under RES PH 22-128; and

WHEREAS, the owner of the Heights, the Saint Paul Port Authority, will utilize its existing financing sources to redevelop the site before requesting any line of credit draws from the City, which existing sources include: \$11,000,000 in State Bonding, \$750,000 from the Met Council, \$800,000 from Ramsey County, \$2,031,405 from DEED, and \$1,250,000 from the EPA; and

WHEREAS, the City, upon finding a public purpose, wishes to make an interfund line-of-credit loan to the Port Authority to assist with project cash flows for the installation of public infrastructure and other related development expenses as a last resort funding source, which loan funds are to be secured by the Port Authority's lot sale proceeds and other security, and repayment of the loan shall be made from lot sale proceeds; and

WHEREAS, pursuant to Sections 1.03, 10.07.1, and 10.07.4 of the City Charter, Section 469.192 of Minnesota Statutes, and Chapter 376, Article 4 (subd. 1) of Special Legislation of 1992 (among other authority), the City has the authority to enter into such loan agreement with the Port Authority for funding development at The Heights; and

WHEREAS, a loan agreement between the City, as lender, and the Port Authority, as borrower, will outline the terms of the City's advances to finance the interfund loan expenditures, which will include a repayment requirement and the payment of accrued interest; and

WHEREAS, City of Saint Paul Ordinance 19-39 that passed July 17, 2019 (which contained a recital statement of commitment from the Port Authority that "no further financial assistance from the City will be requested to complete the Project") is not directly applicable because this loan will be secured with collateral and will contain a requirement for repayment with interest; and

WHEREAS, the Mayor, pursuant to Section 10.07.1 of the Charter of the City of Saint Paul, does certify that there are available for appropriation total revenues in excess of those estimated in the budget, funds of \$10,000,000; now

THEREFORE BE IT RESOLVED, by the Council of the City of Saint Paul that:

1. Upon recommendation of the Mayor that \$10,000,000 is available for appropriation, as heretofore adopted and amended by this Council, be hereby further amended in the particulars as specified in the attached financial analysis.

2. An interfund loan from the City to the Port Authority in the amount of up to \$10,000,000, together with interest at an annual rate reasonably determined by the City Treasurer, is approved to finance public infrastructure and other development costs at The Heights site.

3. The City Council hereby approves and authorizes City staff to take all actions necessary to carry out the activities authorized by this Resolution, including finalizing all documents and agreements, subject to approval by the City Attorney's Office.

4. The appropriate City officials are authorized to execute all necessary documents to complete the interfund loan, including the Loan Agreement.

5. This Resolution does not constitute a binding legal agreement; rather, the action taken herein shall not be effective until said documents are executed by the appropriate official(s) of the City.