

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 25, 2014

REGARDING: RESOLUTION CONSENTING TO THE ISSUANCE BY THE CITY OF CENTER CITY, MINNESOTA OF REVENUE BONDS ON BEHALF OF HAZELDEN BETTY FORD FOUNDATION (District 9, Ward 2)

Requested Board Action

The purpose of this report is to request approval by the Housing and Redevelopment Authority of the City of Saint Paul (HRA) Board of Commissioners of the attached resolution authorizing:

- HRA Consent to the issuance by Center City, Minnesota of Revenue Bonds on behalf of Hazelden Betty Ford Foundation in order to finance the expansion of their Saint Paul facility located at 680 Stewart Avenue.

Background

Founded in 1949, Hazelden Foundation (now known as Hazelden Betty Ford Foundation), headquartered in Center City, Minnesota, is an internationally recognized nonprofit organization dedicated to helping people change their lives by providing quality recovery and education services in alcohol and drug addiction and related illnesses.

The expansion of the Saint Paul campus will include demolition of the current 12,500 square foot residential building and be replaced with a new 55,000 square foot building that will house 55 new residential beds, group room and office space for outpatient services as well as supporting offices, a 125 person lecture hall, a new kitchen and dining facilities. It will also include updates to the 13,500 square foot mansion where administrative and non-clinical staff will be housed as well as renovations to the lower level addition of the mansion where the mental health outpatient clinic will be located. Hazelden employs 852 persons in Minnesota and 61 in Saint Paul; upon completion of the Project they expect to create 27 new jobs in Saint Paul with an annual wage of \$1,950,000.

The proposed cost for the Saint Paul Project is \$25 million. Center City will issue up to \$41,450,000 in bonds with an approximate \$12,665,000 allocated to the Saint Paul project with the balance of the cost covered by philanthropic and other owner funds. Hazelden requested that the HRA provide host approval for the issuance of the Bonds to be issued by Center City for two reasons: 1) Center City is also issuing approximately \$28,785,000 of separate refunding and new money bonds, and 2) it was advantageous to Hazelden Betty Ford that Center City also issue the additional \$12,665,000 that is for the Saint Paul Project. Hazelden has agreed to pay the up-front and ongoing issuer fees to the HRA as if the HRA had issued the \$12,665,000 of bonds.

The property is zoned T2, RC4 and all approvals have been received to move forward with the expansion project. They expect to start construction immediately and complete the new construction phase by October, 2015, and renovation of the mansion by April, 2016. See Attachment B for a Map of the Property, and Attachment C for a demographic profile of District 9, the Saint Paul Planning District in which the Project is located.

Budget Action

N/A

Future Action

N/A

Financing Structure

The construction project will be partially financed by bonds issued by Center City, with the balance philanthropic and Owner funds.

PED Credit Committee Review

N/A

Compliance

The following compliance requirements are applicable to this Project: Vendor Outreach Program, Affirmative Action, and City Labor Standards. The Borrower will be required to execute an agreement that will attach the HRA's specific compliance requirements for this

Project and the HRA Board will approve this agreement in its Resolution. The owner estimates that 130 construction jobs will be created.

Green/Sustainable Development

The new construction building will be LEED certified.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Providing chemical and mental health services to improve the health and well-being of citizens is the primary public purpose of this Project.

Recommendation:

The Executive Director recommends and requests the HRA Board of Commissioners approve the attached Resolution which consents to the issuance by Center City, Minnesota of Revenue Bonds on behalf of Hazelden Betty Ford Foundation.

Sponsored by: Commissioner Thune

Staff: Jenny Wolfe, 266-6680

Attachments

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