

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

**REPORT TO THE COMMISSIONERS**

**DATE: October 23, 2013**

**REGARDING: RESOLUTION APPROVING AND AUTHORIZING AN HRA LOAN TO THE ST. PAUL SAINTS BASEBALL CLUB, INC. TO ASSIST IN THE FINANCING OF THE REGIONAL BALLPARK, DISTRICT 17, WARD 2**

**Requested Board Action**

Approval of an approximate \$600,000 Loan to the Saint Paul Saints Baseball Club, Inc. (the “Borrower”) and execution of an Escrow Agreement and Security Agreement

**Background**

The Saint Paul Port Authority will issue Taxable Limited Tax-Supported Ballpark Revenue Bonds (the “Bonds”) in connection with the construction, financing and operation of a new 7,000- seat municipal regional ballpark in Lowertown (the “Ballpark”).

The City of Saint Paul (the “City”) will execute a Development Agreement and Ballpark Use Agreement with the St. Paul Saints Baseball Club, Inc. to operate the Ballpark and pay rent to the City.

The Borrower has operated a professional baseball team at Midway Stadium for the last twenty years and is currently a member of the American Association of Independent Professional Baseball League.

The Borrower’s rent payments will be used to pay debt service on the Bonds under the Ballpark Use Agreement. The Office of Financial Services has requested that the HRA Parking Fund provide an approximately \$600,000 loan (the “Loan”) to the Borrower to serve as additional security for the Bonds. (The exact amount of the Loan will be determined at the closing of the Bonds and will be equal to the maximum annual debt service on the Bonds).

The proceeds of the Loan will be deposited directly with the Bond Trustee, acting as Escrow Agent, to be held, earmarked, and physically segregated into a Rent Guaranty Account (“RGA”), and maintained by the Escrow Agent under the terms of the Bond Indenture and disbursed in accordance with the terms of the Escrow Agreement. The holders of the Bonds will have a first security interest in the RGA if the rent payments are not made by the Borrower when due.

### **Budget Action**

This Loan will be funded from the HRA Parking Fund per the budget amendment included as Attachment A to the Resolution.

### **Future Action**

None

### **Financing Structure**

Proceeds from the Loan will be deposited in the RGA, pledged to the holders of the Bonds, and disbursed in accordance with the Escrow Agreement. The Loan will require semi-annual interest-only payments at 3% per annum, with all principal deferred until the maturity date on the Bonds. However, all outstanding principal, interest and fees will be due prior to maturity, upon the earlier of the following events: (a) termination of the Ballpark Use Agreement and any extensions thereof; (b) the Borrower’s voluntary or involuntary sale or conveyance of the Saints baseball team; (c) the drawing of all funds by the Escrow Agent from the RGA as detailed below; or (d) defeasance of the Bonds.

Rent payments will be due on April 1 and October 1. If the Borrower fails to pay the rent within fifteen (15) days of the due date, the Escrow Agent is directed, per the Escrow Agreement, to withdraw funds from the RGA in the amount of past due rent. The Borrower will be required to replenish the RGA. If the Borrower fails to replenish the RGA within 60 days of the payment date, the Escrow Agent is directed to transfer all money credited to the RGA to pay debt service when due on the Bonds. Upon this event, the Loan will be fully due and payable.

The Loan will be evidenced by a Promissory Note from the Borrower and the Escrow Agreement, and secured by a Security Agreement and Guaranty of Payment and Performance by

the majority owners of the Borrower as well as a Confession of Judgment. The Security Agreement provides a second lien on the proceeds of the RGA, subordinate to the holders of the Bonds.

### **PED Credit Committee Review**

The PED Credit Committee reviewed and recommended approval of this loan on October 21, 2013.

### **Compliance**

Due to the fact that there is no construction activity or purchase of goods or services associated with this Loan, and that the interest rate is not subsidized, the only compliance requirements are Affirmative Action, Chapter 183.04.

### **Green/Sustainable Development**

N/A

### **Environmental Impact Disclosure**

N/A

### **Historic Preservation**

N/A

### **Public Purpose/Comprehensive Plan Conformance**

The City has determined that the financing, construction, and operation of a new regional ballpark are in the best interests of the City and serve a public purpose. Among other things, the construction and operation of the Ballpark will: (i) provide a multi-purpose stadium and related infrastructure for a broad range of civic, community, athletic, educational, cultural, and commercial activities, including professional and amateur baseball; (ii) further the vitality of downtown Saint Paul, in particular the Lowertown area, by generating increased economic activity among its convention and tourism industries; and (iii) further economic development and stimulate the local economy overall.

**Recommendation:**

The Executive Director recommends approval of the attached Resolution authorizing the Loan to the Saint Paul Saints Baseball Club, Inc.

**Sponsored by:**        **Chair Thune**

**Staff:**                Patricia Lilledahl (266-6593) and Jenny Wolfe (266-6680)

**Attachments**

- **Attachment A -- Resolution**