

**RECORD OF
2022 CITY INTERNAL LOAN
(FORD REDEVELOPMENT SITE)**

December 14, 2022

This Record of Interfund Loan is executed by the City of Saint Paul, Minnesota (the “City”) Director, Office of Financial Services (“OFS”), the Director, Planning and Economic Development (“PED”) and the Director, Public Works (“PW”) to memorialize an Internal Loan for the Ford Redevelopment Site (the “Project”) and its repayment.

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul (the “HRA”) established the Ford Site Redevelopment tax increment financing District (“TIF District”), being a tax increment financing (“TIF”) district established as a redevelopment district under Minnesota Statutes, Section 469.174 to 469.179, as amended (the “Tax Increment Act”), pursuant to the Tax Increment Act and a resolution duly adopted by the Board of Commissioners of the HRA; and

WHEREAS, the City Council adopted RES PH 19-388 approving a Redevelopment Agreement for the Ford Site (the “RDA”), a Policy on Interfund Loans and Advances for the TIF District and adopted a financing budget that included an advance of City funds to be repaid by tax increments generated by the TIF District (“Pay-Go-TIF”), in addition to City general obligation TIF Bonds and other non-TIF City sources; and

WHEREAS, the City Council adopted RES PH 20-185 that amended the financing budget for the Project (“City Amended Budget”); and

WHEREAS, the HRA’s Board of Commissioners adopted RES 20-1418 that amended the HRA budget for the Project (“HRA Budget”) to align with the City Amended Budget; and

WHEREAS, the above identified spending includes installation of infrastructure outlined in the RDA, plus PW construction oversight, City Owner’s Representative and City constructed off-site public improvements (“Pay-Go Costs”), refinancing a portion of the costs financed by the City’s G.O. Temporary TIF Bonds, Series 2020C (the “2020C Bonds”) by refunding the 2020C Bonds, and other eligible costs of the Project (collectively, the “Interfund Loan Expenditures”) estimated to total \$9,500,000; and

WHEREAS, until tax increment revenue from the TIF District is received, a 2022 budget needs to establish an interfund loan of up to \$9,500,000 to finance the Interfund Loan Expenditures in the Project; and

WHEREAS, an internal loan will complete the financing for the Project as detailed in RES PH 22-377 approved on December 14, 2022 after a public hearing. The advance, until repaid, will bear interest at the City treasury portfolio investment rate, up to 4% per annum which does not exceed the greater of the rates specified under Sections 270C.40 or 549.09 as of the date the loan was authorized (the “Max Rate”), as determined by the Director, Office of Financial Services (the “Pool Rate” which is a variable rate reset monthly by the City Treasurer). This advance from Fund

700 (the “City Internal Loan Fund”) will be secured and repaid by any future Tax Increment Revenue Bonds issued by the City or the HRA, whether temporary or permanent, or tax increments generated by the TIF District that are not otherwise pledged to other obligations of the TIF District (“Available Increments”), in addition to other legally available non-tax increment revenue sources; and

WHEREAS, the adopted HRA Budget authorized the transfer of tax increments to the City;

NOW, THEREFORE, the OFS Director, the PED Director, and the PW Director memorialize the Internal Loan for the Project as follows:

1. Purpose. The purpose of this document is to memorialize the Internal Loan for the Project from Fund 700 and to serve as guidance in coordinating actions of the City and its Office of Financial Services and Director of the Department of Planning and Economic Development with respect to such advances and required encumbrances, and repayments.
2. Authority. This document was authorized by, and carries out, resolution RES PH 22-377 adopted by the City Council on December 14, 2022.
3. Interest. Interest will accrue on the advance at the City treasury portfolio investment rate (“Pool Rate”) up to the Max Rate. The Pool Rate is variable and reset monthly by City Treasurer.
4. Advances. Fund 700 will advance up to \$9,500,000.00 to finance the Interfund Loan Expenditures associated with the Project as approved by the Director of the Office of Financial Services after approval by the City Council. Each time there is an advance from the Internal Loan, the OFS Accountant will record the amount of the advance and the amount of the outstanding balance of the Internal Loan and send to the City’s Chief Accountant and OFS Treasury. Advances shall not be more often than monthly.
5. Repayment. No payments are due under the Internal Loan until maturity. The City will reimburse the advance from Fund 700, including accrued interest, from tax increment revenue transferred from the HRA or generated through the proceeds of bonds issued either by the City or the HRA;

OFS Treasury or the City’s Chief Accountant will provide the prior monthly Pool Rates to the PED and PW Accountant for the annual repayment amount due. The Loan is repayable at Par plus any interest due.

6. Term. Internal Loan matures on March 1, 2027, which is less than five years after the initial advance.

This agreement is dated effective as of the date and year first set forth above.

John McCarthy
Director, Office of Financial Services

Nicolle Goodman
Director, Planning and Economic Development

Sean Kershaw
Director, Public Works

Approved to Form:

Assistant City Attorney

Exhibit A – Illustrative Example of Repayment Schedule

Exhibit B – 2019 City Resolution approving the Internal Loan for the Project RES PH 19-407