

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 26, 2016

**REGARDING: RESOLUTION AUTHORIZING EXECUTION OF AMENDMENT TO
CONDUIT NOTE AND RELATED DOCUMENTS, NATIVITY
SCHOOL PROJECT, 1900 STANFORD AVENUE, DISTRICT 14,
WARD 3**

Requested Board Action

The specific action requested of the HRA Board is to approve the execution of Amendment No. 2 to the \$8,000,000 Educational Facilities Revenue Note, Series 2007 (Nativity School Project), and approve the execution of related documents.

Background

In May, 2007, the HRA issued an \$8,000,000 Educational Facilities Revenue Note, Series 2007 (the “Series 2007 Note”) to partially finance the \$15 million expansion and renovation of the Nativity School located at 1900 Stanford Avenue (Resolution #07-4/25-2). The Note was privately placed with Premier Bank (the “Lender”) and carried a variable interest-rate reset every five years. The initial interest rate was 4.90% with an interest rate floor of 3.90%, and with a final maturity on May 1, 2029.

Nativity is a State of Minnesota Accredited Catholic parish and school (the “School”). The expansion project included the addition of two new science labs, a new art room, a new library/media center, updated technology, and band and choral practice rooms.

In June, 2012, the HRA approved resolution #12-1244 which authorized the execution of Amendment No. 1 to the Series 2007 Note to reduce the interest rate and interest rate floor to 3.25% for a five year period. Amendment No. 1 required an interest rate adjustment on May 1, 2017. To prepare for this adjustment, the School negotiated with the Lender to further adjust the interest rate and interest rate floor, and to extend the final maturity and adjust the amortization (the “Amendment”). The School submitted an application to the HRA to further amend the

Series 2007 Note and related documents. The School's request requires a public hearing since the Amendment would extend the final maturity of the Series 2007 Note.

Budget Action

This action relates to a conduit bond issue (Series 2007 Note). The Series 2007 Note does not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint Paul, or any agency or political subdivision thereof, and does not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and does not grant the owners or holders of the Series 2007 Note any right to have the HRA, City of Saint Paul or any agency or political subdivision thereof to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Principal and interest on the Series 2007 Note are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

N/A

Financing Structure

The Amendment will set the interest rate at 3.0% until the next reset date in five years (November 1, 2021), set the interest rate floor at 3.0%, extend the final maturity date to November 1, 2031 (from May 1, 2029), and reduce monthly payments by amortizing the remaining principal balance of the note over a 20-year period with a balloon maturity. With the Amendment, the School will reduce the outstanding principal balance to \$3,000,000 as of the closing date.

PED Credit Committee Review

The School's request was reviewed by the Credit Committee on October 17, 2016 and found to be consistent with PED conduit bond policies.

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 HRA Executive Director recommends approval of the attached resolution authorizing the execution of Amendment No. 2 to the Series 2007 Note and related documents.

Sponsored by: Commissioner Tolbert

Staff: Jenny Wolfe (266-6680)

Attachments:

- **Attachment** – Map of Project