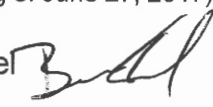


# SAINT PAUL PORT AUTHORITY

## MEMORANDUM

**TO:** BOARD OF COMMISSIONERS  
(Regular Meeting of June 27, 2017) **DATE:** June 21, 2017

**FROM:** Bruce A. Kessel 

**SUBJECT:** APPROVAL OF MODIFICATIONS TO THE ENERGY LANE BUSINESS CENTER REDEVELOPMENT AND THE GREAT NORTHERN BUSINESS CENTER PHASE II REDEVELOPMENT TAX INCREMENT FINANCING DISTRICTS, EXPANDING THE GEOGRAPHIC PROJECT AREA, MODIFYING THE BUDGETS AND ISSUING THE RELATED TIF NOTES  
**RESOLUTION NO: 4600**

### **Action Requested:**

Provide approval of Modifications to the Energy Lane Business Center Redevelopment and the Great Northern Business Center Phase II Redevelopment Tax Increment Financing Districts, Expanding the Geographic Project Area, Modifying the Budgets and Issuing the Related TIF Notes with the City of Saint Paul, Minnesota.

### **Background:**

The Port Authority and City of Saint Paul approved the creation of the Energy Lane Business Center Redevelopment ("Energy Lane") Tax Increment Financing District and the Great Northern Business Center Phase II Redevelopment ("Great Northern") Tax Increment Financing District (the "Districts") in 2002 and 2004, respectively. The Districts were created to assist in the expansion of the tax base and create jobs.

Minnesota Statutes Section 469.175, Subdivision 4b (1) and (2) allow a port authority to modify a district to enlarge the size of the district and/or the project area, as well as to increase the amount of indebtedness of the district. Section 469.1763, Subdivision 2 allow a district to spend up to twenty-five percent (25%) of its increment outside the district but within the project area. A public hearing on the proposed amendments that require City Council approval is scheduled for July 19, 2017 at 5:30 p.m. at the City Council meeting. Notice of this public hearing will be published as required by Minnesota statutes. Both Ramsey County and the School Board will be notified as required by Minnesota statutes.

Minnesota statutes require that a Port Authority TIF District reside within an Industrial Development District (the "Project Area"). The Energy Lane TIF District is in the Energy Park Industrial Development District while the Great Northern TIF District is in the Maxson Steel/Dale Street Shops (also known as the Great Northern Business Center) Industrial Development District. Tax increment property taxes are collected only on the parcels within the TIF District, however, up to twenty-five percent of the tax increment can be spent within the Project Area.

**Proposal:**

When TIF Plan budgets are established, estimates are made for TIF revenues, grant receipts and anticipated costs. If unforeseen conditions result in revenues and/or costs being different than anticipated, the TIF Plan is reevaluated to determine whether any adjustments to the Plan are warranted. While minor adjustments between line items can be accomplished by Port Authority action, other changes require the City of Saint Paul to hold a public hearing and formally approve any plan modifications.

The City of Saint Paul is interested in remediating a portion of the Snelling-Midway site, described in greater detail below. The City, however, is unable to obtain adequate grants to finance its anticipated costs. It is willing to finance the remediation and other costs necessary to redevelop the site through Pay-As-You-Go/Interfund TIF Notes, to be repaid with available tax increment financing at three percent (3%) interest. The notes would be from Energy Lane in the amount of \$375,000 through December 2030 and Great Northern in the amount of \$500,000 through December 2032. Pay-As-You-Go/Interfund TIF Notes place the risk that future increments are insufficient to repay the notes with the City in that at the end of the note term, any remaining balance on the notes is discharged. Existing budgets and future projected activity indicate that tax increment financing from the Districts would be adequate to service the existing obligations, as well as the proposed Pay-As-You-Go/Interfund TIF Notes.

The Snelling-Midway site is bound by Snelling Avenue, St. Anthony Avenue, University Avenue and Pascal Street North. The southwest corner is owned by the Metropolitan Council and has been tax exempt and underutilized for quite some time; preliminary tests indicate that the site is contaminated. The site needs to be remediated before private development can occur, and it is anticipated a portion of the site, once remediated, will return to the tax rolls. See three maps of the parcels attached hereto as **Exhibit A**.

Based upon the budgeted and actual outlays for the Districts, projections indicate the Districts could be modified to encompass the Snelling-Midway site and related Pay-As-You-Go/Interfund TIF Notes to the City of Saint Paul, as shown on **Exhibit B** and **Exhibit C** attached hereto. The amount of tax increment financing to be collected will not increase as a result of this modification. When the parcels on Snelling Avenue, which are now tax exempt, are developed and returned to the tax rolls, they will generate additional property taxes to reduce property taxes for other Saint Paul properties.

**Recommendation:**

We recommend approval of the Modifications to the Energy Lane Business Center Redevelopment and the Great Northern Business Center Phase II Redevelopment Tax Increment Financing Districts, Expanding the Geographic Project Area, Modifying the Budgets and Issuing the Related TIF Notes with the City of Saint Paul, Minnesota.

BAK/lkw

Attachments: Exhibit A – Maps (3) of Parcels on Snelling Avenue  
Exhibit B – Amended Budget  
Exhibit C – Summary of Amendments  
Resolution

**EXHIBIT A**

Maps (3) of Snelling Avenue Parcels

*{Attached}*

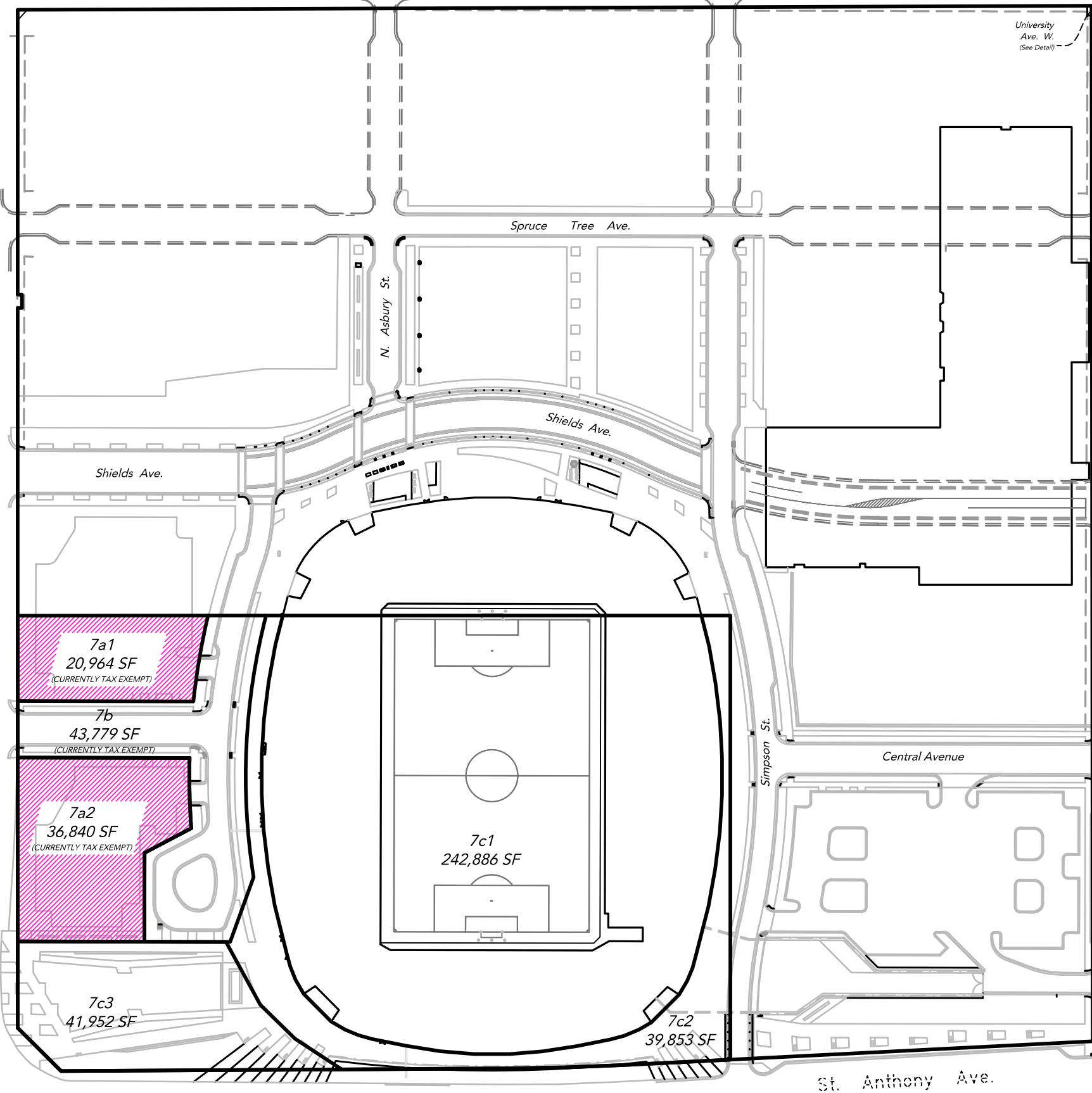
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Spruce Tree Ave.

Shields Ave.

Snelling Avenue (Trunk Hwy. 51)

Pascal Street



7a1  
20,964 SF  
(CURRENTLY TAX EXEMPT)

7b  
43,779 SF  
(CURRENTLY TAX EXEMPT)

7a2  
36,840 SF  
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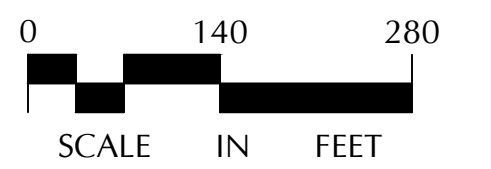
7c3  
41,952 SF

7c1  
242,886 SF

7c2  
39,853 SF

# PARCEL 7 BREAKDOWN

June 13, 2017

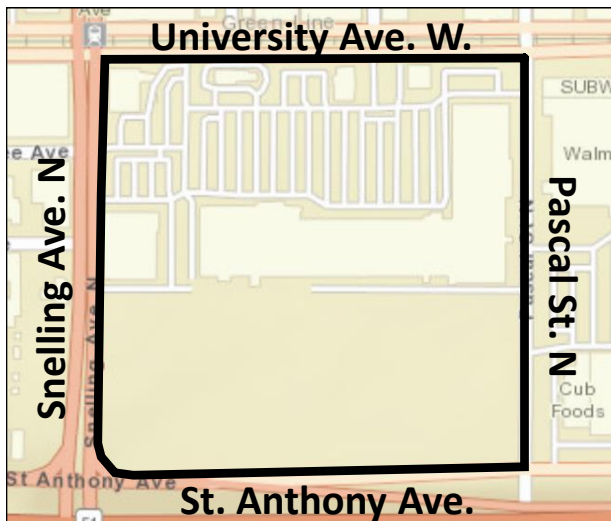


## Maxson Steel/Dale Street Shops IDD



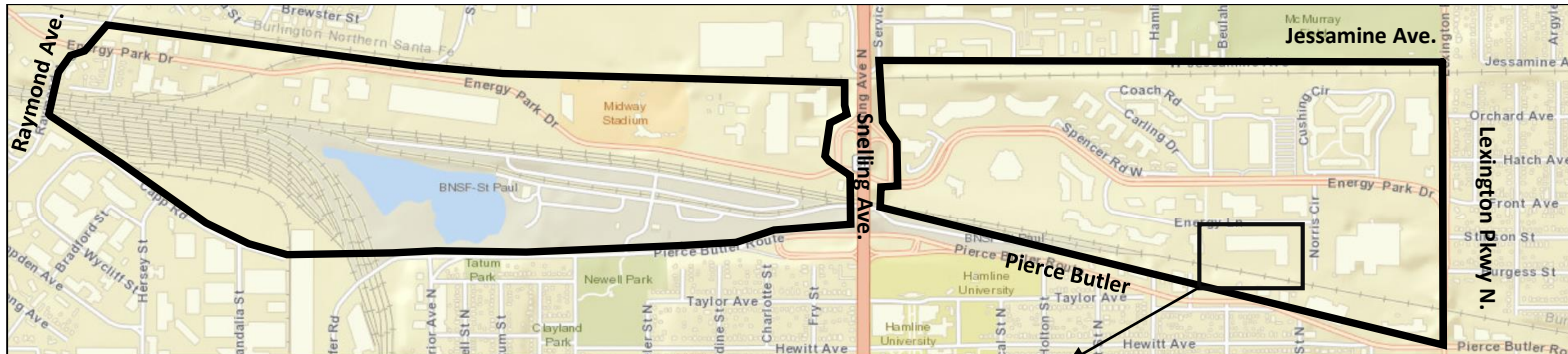
**Maxson Steel/Dale Street Shops Description:** Bounded by Topping Street on the North, by Como and Arundel on the Northeast and East, West Minnehaha on the South and North Dale Street on the West. Avenue (to the beginning point).

## Snelling - Midway addition to IDD



**Snelling-Midway Description:** Starting at the intersection of Snelling Ave. and St. Anthony Ave. heading North on Snelling Ave. to University Ave., then East on University Ave. to Pascal St. North, then South on Pascal St. North to St. Anthony Ave., then West on St. Anthony Ave. to Snelling Ave. (the beginning point).

## Energy Park IDD



Energy Lane Business Center Redevelopment TIF District

**Energy Park Description:** Area generally bound by Lexington Pkwy N., Jessamine Ave., Raymond Ave., and Pierce Butler Route.

## Snelling – Midway addition to IDD



**Snelling-Midway Description:** Starting at the intersection of Snelling Ave. and St. Anthony Ave. heading North on Snelling Ave. to University Ave., then East on University Ave. to Pascal St. North, then South on Pascal St. North to St. Anthony Ave., then West on St. Anthony Ave. to Snelling Ave. (the beginning point).

**EXHIBIT B**  
**AMENDED BUDGETS**

**Amendment to the Great Northern Business Center Phase II and Energy Lane Business  
Center Redevelopment Tax Increment Financing Plans**

	Energy Lane Business Center Redevelopment TIF District			Great Northern Business Center Phase II Redevelopment TIF District		
	Current Budget	Budget Change	Amended Budget	Current Budget	Budget Change	Amended Budget
<b>Revenues</b>						
Tax Increment revenue	5,662,228		5,662,228	6,895,200		6,895,200
Investment earnings	102,772		102,772	290,000		290,000
<b>Total Revenues</b>	<b>5,765,000</b>	<b>0</b>	<b>5,765,000</b>	<b>7,185,200</b>	<b>0</b>	<b>7,185,200</b>
<b>Expenditures and Other Financing Uses</b>						
Land/building acquisition	0		0	360,000		360,000
Site improvements/preparation costs	2,000,000	265,000	2,265,000	2,839,200	517,480	3,356,680
Bond interest payments	2,323,500	(65,000)	2,258,500	0		0
Loan interest payments	0		0	1,600,000	(100,000)	1,500,000
Loan interest payments	0		0	750,000		750,000
Pay-Go interest payments	0	65,000	65,000		100,000	100,000
Administrative	602,600	(26,100)	576,500	1,236,000	(517,480)	718,520
JOBS bill	600,000		600,000	400,000		400,000
<b>Total Expenditures</b>	<b>5,526,100</b>	<b>238,900</b>	<b>5,765,000</b>	<b>7,185,200</b>	<b>0</b>	<b>7,185,200</b>
<b>Revenues over expenditures</b>	<b>238,900</b>	<b>(238,900)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt to be issued:</b>						
Bonds	2,100,000		2,100,000	2,625,000		2,625,000
Internal Loans	0		0	1,500,000		1,500,000
Pay-Go / Interfund Note	0	375,000	375,000	0	500,000	500,000
<b>Total Bonded Indebtedness</b>	<b>2,100,000</b>	<b>375,000</b>	<b>2,475,000</b>	<b>4,125,000</b>	<b>500,000</b>	<b>4,625,000</b>

**EXHIBIT C**  
**Summary of Amendments**

***Amendment to the Great Northern Business Center Phase II and Energy Lane  
Business Center Redevelopment Tax Increment Financing Plans***

<b>TIF District</b>	<b>Energy Lane Business Center Redevelopment District</b>	<b>Great Northern Business Center Phase II Redevelopment District</b>
<b>Approval Dates:</b>		
<b>Initial</b>	<i>Port: Sept 24, 2002 City: Sept 25, 2002</i>	<i>Port: Oct 26, 2004 City: Nov 3, 2004</i>
<b>Amended</b>	<i>Port: April 22, 2008</i>	<i>Port: April 22, 2008</i>
<b>JOBS (1)</b>	<i>Port: July 27, 2010</i>	<i>Port: July 27, 2010</i>
<b>Industrial Development District (IDD)</b>	<b>Energy Park</b>	<b>Maxson Steel/Dale Street Shops</b> (also know as the <i>Great Northern Business Center</i> )
<b>Change to IDD</b>	<i>expand to include area bounded by Snelling Avenue, St. Anthony Avenue, University Avenue and Pascal Street North</i>	<i>expand to include area bounded by Snelling Avenue, St. Anthony Avenue, University Avenue and Pascal Street North</i>
<b>Pay-As-You-Go / Interfund Note Terms:</b>		
<b>Payee</b>	City of Saint Paul	City of Saint Paul
<b>Amount</b>	\$375,000	\$500,000
<b>Rate</b>	3.0%	3.0%
<b>Maturity</b>	December 31, 2030	December 31, 2032
<b>Budget</b>	<b>Exhibit B</b>	<b>Exhibit B</b>

**footnotes:**

<b>City</b>	City of Saint Paul
<b>Port</b>	Port Authority of the City of Saint Paul
<b>(1)</b>	Minnesota Statute section 469.176, subd 4c (d)



**RESOLUTION OF THE  
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[APPROVAL OF MODIFICATIONS TO THE ENERGY LANE BUSINESS  
CENTER REDEVELOPMENT AND THE GREAT NORTHERN BUSINESS  
CENTER PHASE II REDFEVELOPMENT TAX INCREMENT FINANCING  
DISTRICTS, EXPANDING THE GEOGRAPHIC PROJECT AREA,  
MODIFYING THE BUDGETS AND ISSUING THE RELATED TIF NOTES]**

WHEREAS, the Port Authority of the City of Saint Paul (the "Port Authority") has previously established the Industrial Development Districts (IDD) and the Tax Increment Districts ("TIF Districts") (collectively, the "Districts").

WHEREAS, it is proposed that the Board of Commissioners of the Port Authority consider expanding the geographic boundaries of the IDDs to include the area bound by Snelling Avenue, St. Anthony Avenue, University Avenue and Pascal Street North, as shown on the three maps attached as Exhibit A, to assist the City of Saint Paul in its remediation and redevelopment of the site and returning a portion of it to the property tax rolls.

WHEREAS, it is anticipated that Pay-As-Go/Interfund Notes will be executed with the City of Saint Paul at three percent (3%) interest.

WHEREAS, Port Authority management has prepared a revised budget for each of the TIF Districts, all of which are set forth in the proposed amendments and on the attachments hereto as Exhibit B and Exhibit C.

WHEREAS, the Port Authority has performed all actions required by law to be performed prior to the amendment of the Districts, including but not limited to, notification of Ramsey County and School District 625 (which have taxing jurisdictions over the property included in such Districts) with respect to the amendments to those Districts that require such notice under the statute.

WHEREAS, a notice of the hearing on the proposed amendments to the Districts for which a public hearing is required will be published as required by Minnesota Statutes Section 469.175, Subdivision 3, and pursuant to such notice a public hearing will be held by the City Council on July 19, 2017 on the amendments of the TIF Districts as described herein.

WHEREAS, the Port Authority will comply with all applicable laws including Minnesota Statutes Section 469.1763, Subdivision 2, which sets forth limitations on the Use of Tax Increment including but not necessarily limited to pooling limitations.

NOW, THEREFORE, BE IT RESOLVED BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. The proposed amendments to the tax increment financing plans for the Districts are hereby approved and adopted, and shall be placed on file in the office of the Port Authority.
2. The Port Authority will work with City of Saint Paul staff in conducting a public hearing and adoption of these proposed changes.
3. The Port Authority management, along with the Port Authority's legal counsel is hereby authorized to proceed with the implementation of the amended Plans.

The Port Authority management is hereby authorized to forward a copy of the amended plans to the Ramsey County Auditor and the Minnesota Department of Revenue pursuant to Minnesota Statutes, Section 469.175, Subdivision 2.

Adopted: June 27, 2017

PORT AUTHORITY OF THE  
CITY OF SAINT PAUL

By \_\_\_\_\_  
Its \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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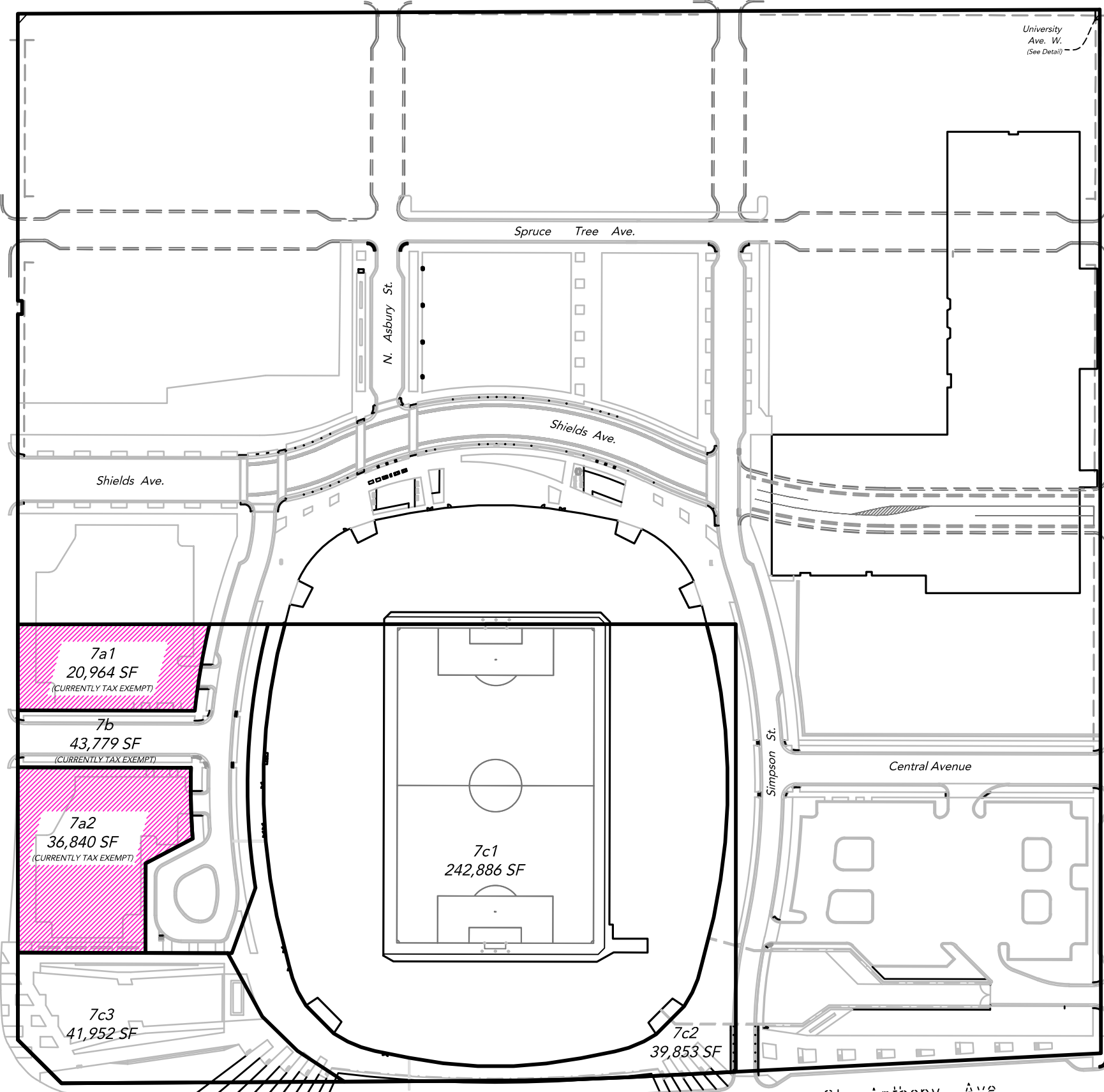
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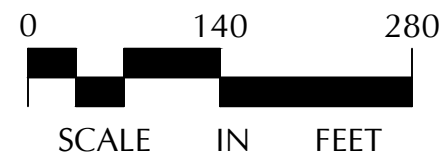
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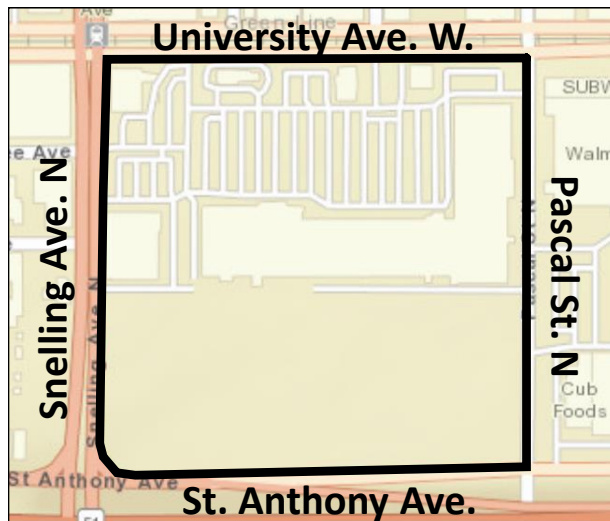
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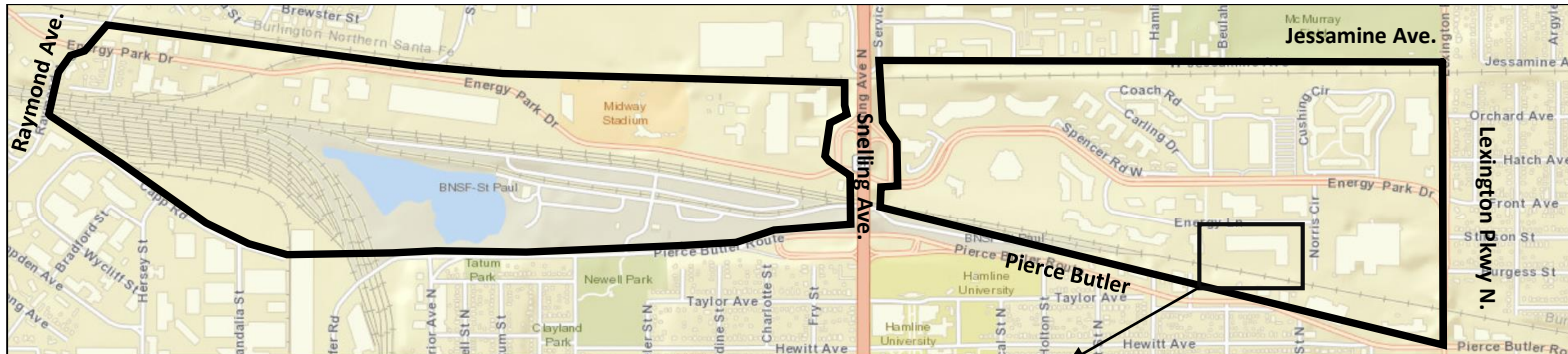
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