

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 27, 2021

**REGARDING: RESOLUTION CONSENTING TO THE ISSUANCE OF CONDUIT REVENUE REFUNDING BONDS BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL FOR DISTRICT ENERGY ST. PAUL, INC. TO REFUND CERTAIN PRIOR DISTRICT ENERGY BONDS PREVIOUSLY ISSUED BY THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED JOINT POWERS AGREEMENT, DISTRICT 17, WARD 2**

## **Requested Board Action**

Approval of a resolution consenting to the issuance of conduit revenue refunding bonds by the Port Authority to benefit District Energy and authorization to execute a Joint Powers Agreement.

## **Background**

District Energy St. Paul, Inc. (the “Borrower”), a Minnesota non-profit corporation, was organized in July 1979 to develop, construct and operate a hot water district heating system to serve the central business district and adjacent areas of the city. In November 1988, District Cooling was established to enhance the capacity of the district energy system to provide both heating and cooling on an environmentally sound basis. In 2015, District Cooling merged with District Energy. Today the system provides heating and cooling services throughout downtown and surrounding areas, with heating to 32 million square feet of building space in 199 buildings and approximately 300 single family homes, and cooling to 21 million square feet of building space in 119 buildings.

On December 28, 2017 the HRA issued \$43,565,000 in conduit revenue refunding bonds for District Energy (the “Series 2017 Bonds”). The proceeds from the Series 2017 Bonds refunded conduit revenue bonds issued by the HRA in 2013 (Series 2013A and Series 2013B). Additional bonds issued by the HRA in 2013 were not included in the refunding (the “Series 2013C Bonds”).

The Borrower has requested that the Port Authority issue up to \$15,000,000 in conduit revenue bonds, the proceeds of which will be used to refund the HRA's Series 2013C Bonds and finance and refinance capital improvements to the Borrower's systems and facilities (the "Series 2021 Bonds").

The HRA and the Port Authority have instituted fee sharing for bonds issued to benefit the Borrower. The HRA and Port Authority will execute an Amended and Restated Joint Powers Agreement which will require that issuer fees received by the Port Authority in connection with the issuance of the Series 2021 Bonds, whether paid at closing or as annual ongoing fees, be divided evenly between the HRA and the Port Authority, with 50% to the HRA and 50% to the Port Authority.

MN Statutes, Section 469.155, Subd. 12, authorizes the issuance of refunding bonds by an entity other than the original issuer, with the consent of the original issuer. The Port Authority has requested that the HRA consent to the issuance by the Port Authority of the Series 2021 Bonds that will be used in part to refund the Series 2013C Bonds issued by the HRA.

**Budget Action**

N/A

**Future Action**

The City Council will consider RES 21-101 on this same date to approve the Port Authority's issuance of the Series 2021 Bonds.

**Financing Structure**

N/A

**PED Credit Committee Review**

N/A

**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 resolution.

**Sponsored by: Commissioner Noecker**

**Staff:** Jenny Wolfe, 266-6680