


# SAINT PAUL PORT AUTHORITY

## MEMORANDUM

**TO:** BOARD OF COMMISSIONERS  
(Regular Meeting April 23, 2013) **DATE:** April 15, 2013

**FROM:** Peter M. Klein 

**SUBJECT:** MINNESOTA SAFETY COUNCIL, INC.  
**Authorization of the Issuance of Conduit Tax-Exempt Notes in the  
Approximate Amount of \$1,372,000  
Resolution No. 4456**

### **Action Requested:**

Provide approval for the Port Authority to issue approximately \$1,372,000 of bank-qualified conduit tax-exempt notes to be used for the expansion of facilities at 474 Concordia Avenue and to refinance a current mortgage.

### **Public Purpose:**

The financing will allow the Minnesota Safety Council to more efficiently provide safety programs and services benefitting people throughout the State of Minnesota.

### **Business Subsidy:**

The proposed issuance of notes is for a not-for-profit organization and is exempt from treatment as a business subsidy.

### **Background:**

On June 1, 1928, the Minnesota Safety Council was formed to promote the safety of the public . . . not only upon state highways, but industrial and all branches of safety in which the public is interested.

The Council promotes safety on the road, safety at work, and safe communities. Some of its initiatives include the reduction of the legal blood alcohol concentration, teaching defensive driving techniques to 20,000 mature drivers each year, farm safety programs, and the SAFE KIDS Campaign.

### **Current Status:**

The Council currently has several modular units that it operates out of and this financing will provide a larger permanent facility.

### **Proposal:**

Type of Notes:

The tax-exempt notes will be "bank qualified" under Section 265 of the Code. This will allow the bank to hold these notes without a reduction in their effective yield which would otherwise impact a "non-bank qualified" tax-exempt holding.

Rate: Approximately 3.15%

Security: First secured interest and mortgage on the Project in favor of the lender, including the land, building and personal property associated with the Project.

Term: 15 years – Two 5-year re-price dates

Issuer: Saint Paul Port Authority

Lender: Bremer Bank

Lender's Counsels: Christoffel & Elliott, P.A.

Bond Counsel: Leonard, Street and Deinard

Borrower: Minnesota Safety Council, Inc.

Borrower's Counsel: Leonard, Street and Deinard

**Conduit Financing:**

The notes will be a conduit financing of the Authority and will not constitute or give rise to a liability of the Authority, the City of Saint Paul or the State of Minnesota or a charge against their general credit or taxing powers. The lender will not have the right to demand payment on the notes out of any funds to be raised from taxation or from any revenue sources other than those expressly pledged to payment of the notes pursuant to the funding agreement. The Port Authority's role in this loan is that of Issuer only. The lender will complete its own credit analysis and loan approval.

The Port Authority will receive fees in the amount of 1/8th of a point (\$1,715.00) at closing and 1/8th of a point on the outstanding balance, annually, for the life of the notes.

The Port Authority was asked to issue these notes because the City of Saint Paul did not have any "Bank Qualification" authority remaining for 2013. The Port Authority has not used its \$10,000,000 of authority (which may be used only for governmental and nonprofit financings).

**Workforce Implications:**

N/A

**Policy Exceptions:**

None.

Board of Commissioners  
April 15, 2013  
Page 3-

**Disclosure:**

The Port Authority Commissioners by SEC rules are obligated to disclose any risks or facts you may be aware of that would affect the probability of repayment on these notes.

**Recommendation:**

We recommend authorization to issue approximately \$1,372,000 of conduit, bank-qualified tax-exempt notes.

PMK:ca

Attach.