

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 14, 2018

REGARDING: RESOLUTION AMENDING THE 2018 HRA BUDGET FOR THE PALACE THEATRE PROJECT RELATED TO THE CITY'S 8-80 VITALITY FUND LOAN AND THE CITY'S FIRE PROTECTION SYSTEM ASSESSMENT, DISTRICT 17, WARD 2

Requested Board Action

Approval of a resolution amending the 2018 HRA budget for the Palace Theatre Project related to the City's 8-80 Vitality Fund Loan and the City's Fire Protection System Assessment.

Background

On December 9, 2015, the HRA adopted Resolution No. 15-2210 authorizing a City loan in the amount of \$9,360,000 from the City's 8-80 Vitality Fund (the "City Loan") to finance the renovation of the Palace Theatre (the "Project"); and the HRA further authorized an HRA Loan Enterprise Fund interfund loan in the amount of \$300,000 for installation of a Fire Protection System for the Project (the "Fire Protection Loan"). Additionally, the HRA received \$5,000,000 from the State for the Project (the "State Grant").

The City Loan is from the City's 8-80 Vitality Fund and is a non-recourse loan that will be repaid from revenue sharing and operator fees and will include interest commencing on April 1, 2019 at 3% per annum (the commencement of the 3rd year of the operating agreement). The State Grant mandates that any revenue the HRA receives from the operation of the Palace Theater may be used only to repay debt incurred to build the Project. The HRA received \$33,976.74 from revenue sharing in 2018, which needs to be used to make debt service payments on the City Loan.

The Fire Protection Loan was provided by the HRA Loan Enterprise Fund to cover the installation of the Palace Theatre's Fire Protection System. No interest is to be charged on this interfund loan. The City Council ratified the Palace Theatre Fire Protection System assessment on October 3, 2018, by adoption of Resolution No. PH 18-216. The City is to remit the

assessments to the HRA Development Capital Projects Fund in 2018 and the HRA Development Capital Projects Fund will repay the interfund loan in 2018.

Budget Action:

The attached Financial Analysis amends the 2018 HRA Budget.

Recommendation:

Approval of the resolution amending the 2018 HRA budget for the Palace Theatre Project related to the City's 8-80 Vitality Fund Loan and the City's Fire Protection System Assessment.

Sponsored by: **Rebecca Noecker**

Staff: Rhonda Gillquist 651-266-6631
 Jenny Wolfe 651-266-6680
 Ross Currier 651-266-6611

Attachments

- **Financial Analysis (Budget Amendment)**