

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

REPORT TO THE COMMISSIONERS

DATE: June 27, 2012

REGARDING: Resolution authorizing execution of Amendment to Note (Nativity School Project) District 14

Requested Board Action

The specific actions being requested of the HRA Board are as follows:

Authorization to execute Amendment No. 1 to \$8,000,000 Educational Facilities Revenue Note, Series 2007 (Nativity School Project)

Background

In May, 2007, the HRA issued an \$8,000,000 Educational Facilities Revenue Note, Series 2007 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 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%. The Loan Agreement was assigned to the Lender, Premier Bank. Beginning in March, 2009, the maximum amount available under the Note was reduced and the current outstanding balance is \$5,490,482.23.

Nativity is a State of Minnesota Accredited Catholic parish and school. The expansion project is complete and 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.

The current interest rate is below the floor set in the original Note and this Amendment will allow the floor to be reduced until the next interest reset date. Furthermore, the Loan Agreement will be amended between the School and the Lender to allow amendments to the Note in the future.

Budget Action

This action relates to a conduit bond issue (Series 2007). The Series 2007 Bonds do 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 do 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 do not grant the owners or holders of the Series 2007 Bonds 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 2007 Series Bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

None.

Financing Structure

The current interest rate is 3.25%, which is below the 3.90% rate floor instituted in the original Note. This amendment reduces the floor to the current 3.25% until the next reset date (5/1/2017) whereby the floor will revert back to the 3.90%. The School will reduce their interest expense on the Note.

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:

HRA Executive Director recommends approval of the attached Resolution.

Sponsored by: Commissioner Tolbert

Staff: Jenny Wolfe (266-6680)

Attachments

- **Attachment A -- Resolution**