


MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** June 28, 2022

From: Bruce Kessel 

Subject: **PUBLIC HEARING - GO WILD ISSUANCE OF TAXABLE CONDUIT REVENUE BONDS IN THE APPROXIMATE AMOUNT OF UP TO \$45,000,000 RESOLUTION NO. 4720**

Action Requested:

Provide approval for the Port Authority to issue up to \$45,000,000 of taxable conduit revenue bonds to be used to refinance the Treasure Island Center, a five story mixed use and six story parking garage located at 400 Wabasha Street North, Saint Paul, Minnesota.

Public Purpose:

The refinancing will allow Go Wild LLC (Go Wild) to restructure its debt to provide stable long-term financing for its facility in Saint Paul. The facility's tenants provide amenities to downtown workers and residents including orthopedic care, pharmacy, health and wellness products, as well as provides a practice facility for the state's professional hockey organization, which is a major asset to the area.

Business Subsidy:

The proposed issuance of bonds is taxable and is exempt from treatment as a business subsidy.

Background:

Go Wild is a Minnesota company that was formed in 2016 to own and renovate the approximately 610 stall parking garage and 276,000 square foot Macy's department store in the central business core of Saint Paul that had closed several years earlier. The renovated structure is considered to be a Class A/B property consisting of tenants including the Mn Wild Hockey team practice facility, State of Minnesota's Housing Finance Authority, City of Saint Paul and its Port Authority, the Prairie Island Indian Community and a number of other tenants. Approximately 20,000 square feet of the facility was sold is now houses a two-story Walgreen store. The property is 95% leased.

Go Wild originally obtained construction financing to renovate the facility. In 2020, a three-year floating rate mortgage was obtained from two local banks. Interest rates are projected to continue to increase, and the mortgage is reaching its final maturity date. In evaluating its options for refinancing and locking into a fixed interest rate, Go Wild has determined that it is in its best interest to issue long term fixed interest bonds to accredited investors, in an amount equal to the approximate outstanding mortgage; as currently structured, this would require approximately \$40,000,000 to refinance the existing mortgage and associated financing costs. Since there is also outstanding PACE and Tax Increment Financing Debt, the structure could change prior to finalizing the project. Therefore, to provide flexibility to modify the structure, we

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are requesting approval of up to \$45,000,000. The approval of the City will be required for this issuance to proceed.

Proposal:

Type of Bonds:	The taxable revenue.
Rate:	Approximately 6.00% to 6.25%.
Security:	First secured interest and mortgage on the project in favor of the bondholders, including the land, building and personal property associated with the project
Term:	Ten years, 30-year principal amortization, interest only through 2024
Issuer:	Saint Paul Port Authority
Issuer Counsel:	Office of City Attorney – Eric Larson
Borrower:	Go Wild, LLC
Property:	Treasure Island Center, 400 Wabasha Street North
Borrower's Counsel:	Stinson, LLC
Placement Agent:	Robert W. Baird & Co.
Underwriter's Counsel	Frost Brown Todd LLC
Bond Counsel:	Ballard Spahr LLP
Trustee:	US Bank

Conduit Financing:

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

The Port Authority will receive an upfront fee of \$25,000 at closing and \$15,000 annually, for the life of the bonds.

Workforce Implications:

N/A - refinancing

Policy Exceptions:

None.

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 bonds.

Recommendation:

We recommend approval for the Port Authority to issue up to \$45,000,000 of taxable conduit revenue bonds to be used to refinance the Treasure Island Center, a five story mixed use and six story parking garage located at 400 Wabasha Street North, Saint Paul, Minnesota.

Attachment: Resolution