

GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF CERTAIN GENERAL OBLIGATION TAX INCREMENT REFUNDING BONDS

(the “City of Saint Paul U.S. Bank Operations Center Bonds”)

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “Authority”) has previously (i) issued its Tax Increment Revenue Bonds (U.S. Bank Operations Center Project), Series 2001 (the “Series 2001 Bonds”) in the original aggregate principal amount of \$12,000,000 and currently outstanding in the principal amount of \$9,835,000 and (ii) contributed approximately \$3,068,000 (the “Authority Contribution”) in order to fund certain tax increment-eligible costs for the construction of an operations center leased to and occupied by U.S. Bank National Association (the “Project”) and certain related financing costs of the Series 2001 Bonds; and

WHEREAS, the Series 2001 Bonds are now callable for redemption without a premium and City staff anticipates receiving a debt service savings if the City refunds the outstanding Series 2001 Bonds and reimburses approximately \$3,100,000 of the Authority Contribution to the Project through the issuance of general obligation tax increment refunding bonds (the “Series 2011 Bonds”) in one or more series of taxable or tax-exempt bonds, in a principal amount not to exceed \$12,500,000; and

WHEREAS, the pledge of the City’s general obligation to the Series 2011 Bonds in this low interest rate environment will provide estimated savings on the proposed tax-exempt portion of the Series 2011 Bonds of 34.5% or approximately 3.397 million dollars over the term; and

WHEREAS, to minimize the cost of the taxable portion of the Series 2011 Bonds, such taxable bonds will be structured with a final maturity of not later than August 1, 2015; and

WHEREAS, the HRA’s Riverfront Renaissance - US Bank District #261 (the Project Area) has only a single user (US Bank); and

WHEREAS, because of the single user nature of the Project Area, the Director, Office of Financial Services and City Debt Manager recommend that the Series 2011 Bonds be structured in a way to provide debt service coverage from the pledged tax increments of at least 1.25x between 2012 and 2015 and 1.50x thereafter through 2028; and

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Saint Paul, Minnesota, that

the City refund the outstanding Series 2001 Bonds and reimburse approximately \$3,100,000 of the Authority Contribution to the Project through the issuance of the Series 2011 Bonds. The Director, Office of Financial Services, City Treasurer, City Debt Manager and other appropriate City officials and staff are hereby authorized and directed to proceed with preliminary actions for the refunding of the Series 2001 Bonds and the reimbursement of a portion of the Authority Contribution.

The sale of the Series 2011 Bonds is scheduled to occur in the morning of Wednesday July 13, 2011. The Authority shall consider a resolution authorizing the pledge of the tax increments from the Project Area to the Series 2011 Bonds on Wednesday, July 13, 2011. The City Council shall consider a resolution awarding the sale of the Series 2011 Bonds to the purchasers thereof on Wednesday July 13, 2011 after the Authority action with respect to the Series 2011 Bonds. The Director, Office of Financial Services may reschedule the sale of the Series 2011 Bonds to a date later than July 13, 2011 if, in consultation with the City's financial advisor, such action is deemed advantageous to the City.

Ehlers & Associate, Inc. is hereby named financial advisor to the City with respect to the General Obligation Bonds. City staff and Ehlers & Ehlers & Associates, Inc., as financial advisor to the City, shall also be authorized to proceed with preliminary actions for the issuance of the Series 2011 Bonds to produce interest savings sufficient to justify their issuance.

Kennedy & Graven, Chartered is hereby named as bond counsel for the Series 2011 Bonds. Ehlers and Kennedy & Graven, Chartered are hereby authorized to work with City staff to prepare the Official Statement for the Series 2011 Bonds and such other documents, instruments and certificates as may be necessary for further approval of this City Council and the Authority for the completion of the sale of the Series 2011 Bonds.