

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS

DATE: September 8, 2017

FROM: Laurie J. Hansen

**SUBJECT: APPROVAL OF THE ISSUANCE OF UP TO \$1,850,000 OF TAX-EXEMPT
TAX INCREMENT REVENUE REFUNDING BONDS - SERIES 2017-6
RESOLUTION NO. 4607**

Action Requested:

Approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

Public Purpose:

The refunding will result in interest savings and will shorten the maturity by four years. As a result, we will be able to accelerate payments on subordinate debt.

Business Subsidy:

N/A

Background:

The Series 2007-5 bonds were issued to refund an existing outstanding Riverbend revenue note and to provide funding for additional tax increment eligible costs for further development of the TIF district.

These bonds have an average coupon of 6.375% and a final maturity date of February 1, 2032.

Current Status:

An RFP was issued to local banks requesting bids to refund the outstanding bonds. With less than \$2 million of debt, a public bond issuance was not cost effective. The winning proposal was submitted by Anchor Bank with an interest rate of 4.25%. The net present value of the savings is \$469,000 and is greater than 20%. This results in a final maturity date of no later than February 1, 2028 or four years sooner.

Proposal:

<u>Bonds/Note</u>	Up to \$1,850,000 of tax-exempt tax increment revenue refunding bonds.
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The debt service would have a senior lien of Riverbend tax increment generated by lot 1, building 1 and 2.

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Rate: 4.25%

Maturity: February 1, 2028

Lender: Anchor Bank

Borrower: Saint Paul Port Authority
Tax Increment Revenue Bonds

Bond Counsel: Kutak Rock

Financial Advisor: PFM Financial Advisor, LLC

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 of this note.

Recommendation:

We recommend approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

LJH:amk
Attachment