


MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** January 22, 2019

From: Peter M. Klein 

Subject: **PUBLIC HEARING – CONCORDIA UNIVERSITY, ST. PAUL – AUTHORIZATION FOR THE ISSUANCE OF BANK-QUALIFIED TAX-EXEMPT CONDUIT REVENUE BONDS IN THE APPROXIMATE AMOUNT OF \$5,500,000**
RESOLUTION NO. 4640

Action Requested:

Provide approval for the Port Authority to issue approximately \$5,500,000 of bank-qualified conduit tax-exempt revenue bonds to be used to finance the acquisition of the Central Midway building located at 393 Dunlap Street in Saint Paul.

Public Purpose:

The financing will allow Concordia to more efficiently provide educational services benefitting its students in Saint Paul.

Business Subsidy:

The proposed issuance of bonds is for a not-for-profit organization and is exempt from treatment as a business subsidy.

Background:

Concordia University is a liberal arts university in Saint Paul, Minnesota. Concordia was founded in 1893 and currently enrolls approximately 5,000 students. The institution is an affiliate of the nine-member Concordia University system. Concordia is currently a tenant in the Central Midway building, occupying over 30% of the rentable space.

Proposal:

Type of Bonds: The tax-exempt revenue bonds will be “bank-qualified” under Section 265 of the Code. This will allow a bank to hold the tax-exempt bonds without a reduction in their effective yield which would otherwise impact a “non-bank qualified” tax-exempt holding.

Rate: Approximately 4.25%

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: Twenty-five year fully amortizing

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| Issuer: | Saint Paul Port Authority |
| Borrower: | Concordia University, St. Paul |
| Borrower's Counsel: | McGrann Shea |
| Bank: | Bremer Bank |
| Bank's Counsel: | Christoffel & Elliott |
| Bond Counsel: | Kennedy & Graven |

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 fees in the amount of 1/8 of a point (approximately \$6,875.00) at closing and 1/8 of a point on the outstanding balance, annually, for the life of the bonds.

Workforce Implications:

N/A

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 approximately \$5,500,000 of bank-qualified conduit tax-exempt revenue bonds to be used to finance the acquisition of the Central Midway building located at 393 Dunlap Street in Saint Paul.

Attachment: Resolution