

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 22, 2020

REGARDING: RESOLUTION AUTHORIZING THE ISSUANCE OF CONDUIT REVENUE REFUNDING BONDS UNDER MINNESOTA STATUTES, SECTIONS 469.152 THROUGH 469.1655 FOR THE MINNESOTA PUBLIC RADIO PROJECT, 480 CEDAR STREET AND APPROVING RELATED DOCUMENTS DISTRICT 17, WARD 2

Requested Board Action

Approval of a resolution authorizing the issuance of up to \$3,620,000 in conduit revenue refunding bonds (the “Bonds”) for Minnesota Public Radio (“MPR”) to refund prior bonds issued by the HRA.

Background

MPR is a non-profit 501(c)(3) Minnesota corporation, and a premier public radio station producing programming for radio, online and live audiences. It operates a 45-station radio network serving nearly all of Minnesota. American Public Media Group is MPR’s parent organization with a nationwide presence.

In 2010, the HRA issued \$9,040,000 in conduit revenue bonds (“Series 2010”) to refund bonds originally issued in 2005 to partially finance the acquisition, remodeling, and equipping of MPR’s broadcast center located at 480 Cedar Street. The Series 2010 bonds mature December 1, 2025, have a current balance of \$4,245,000, and are callable on or after December 1, 2020.

MPR has submitted an application to the HRA to issue conduit revenue bonds to refund the Series 2010 bonds. The Series 2010 bonds were issued as “Qualifying Tax-Exempt Obligations” aka “Bank Qualified” or “BQ” due to provisions allowed under the 2009 American Recovery and Reinvestment Act (ARRA). The ARRA provisions allowed the HRA to issue BQ bonds for conduit borrowers without limitation, provided the qualifying borrower did not receive proceeds from more than \$30 million in BQ bonds. The ARRA provisions required transactions to close by the end of 2010.

Bond Counsel has advised that the Series 2010 bonds can be refunded by new bonds, which can qualify for BQ tax preference provided that the principal amount of the new bonds is limited to the principal outstanding on the Series 2010 bonds, and the maturity date is not extended. The Series 2010 bonds outstanding on the call date will be \$3,620,000, and therefore this will be the maximum amount of BQ bonds that can be issued to refund the Series 2010 bonds. The Bonds will be special, limited revenue obligations of the HRA payable solely from the revenues expressly pledged to the payment thereof, and will not constitute a general or moral obligation of the HRA or the City, and will not be secured by the taxing powers of the HRA or the City or any assets or property of the HRA or the City, but will be payable from loan payments made by the Borrower to the HRA pursuant to a Loan Agreement.

In 2014, the HRA issued \$15,510,000 in conduit revenue bonds for the benefit of MPR (the “2014 Bonds”). The outstanding amount of the 2014 Bonds is \$9,425,000.

The Project is in an area zoned B-4 and a map is attached.

Budget Action

This is a conduit bond issue. The Bonds shall 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 shall 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 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 Bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

N/A

Financing Structure

The proposed Bonds will be structured as a private placement with JPMorgan Chase Bank, or an affiliated entity. The Bonds will be structured with a final maturity date of December 1, 2025 and annual principal payments. The interest rate will be fixed for the term of the Bonds and is currently estimated at 2.39% per annum. The Bonds will be payable by MPR and guaranteed by American Public Media Group.

The projected sources and uses are detailed below.

Sources:

Series 2020 Bond Proceeds	\$3,620,000
Borrower Equity	<u>66,550</u>
Total Sources:	\$3,686,550

Uses:

Redemption of Series 2010 Bonds	3,620,000
Costs of Issuance	<u>66,550</u>
Total Uses:	\$3,686,550

PED Credit Committee Review

The PED Credit Committee reviewed the proposal for conduit bonds on January 14, 2020, and found it to be consistent with PED's conduit bond policy.

Compliance

MPR has acknowledged receiving notice of the City/HRA compliance requirements that may be applicable to the proposed refunding. There is no construction associated with the refunding and therefore the only compliance required is Affirmative Action, Chapter 183.04 for Minnesota Public Radio (the borrower).

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Minnesota Public Radio is an important public media institution in Saint Paul employing 401 in the City and 578 statewide. The proposed conduit bond refunding will improve the financial stability of their organization.

Recommendation:

The HRA Executive Director recommends approval of the resolution authorizing the issuance of up to \$3,620,000 in conduit revenue refunding bonds and execution of related documents for the Minnesota Public Radio Project.

Sponsored by: Commissioner Noecker

Staff: Jenny Wolfe, 266-6680

Attachments:

- Map