



Legislation Details (With Text)

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In control: City Council
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Title: Authorizing the execution of a guaranty to support loan payment in connection with the refinancing of the Bioscience Incubator Facility located at 1000 Westgate Drive (University Enterprise Laboratory Project).

Sponsors: Russ Stark

Indexes:

Code sections:

Attachments: 1. Exhibit A&B for CC RES for City Guaranty for UEL.12.7.11(Final).pdf

Date	Ver.	Action By	Action	Result
12/13/2011	1	Mayor's Office	Signed	
12/7/2011	1	City Council	Adopted	Pass

Authorizing the execution of a guaranty to support loan payment in connection with the refinancing of the Bioscience Incubator Facility located at 1000 Westgate Drive (University Enterprise Laboratory Project).

WHEREAS, in September 1981, the City of Saint Paul (the "City") adopted a citywide redevelopment program that addressed economic development efforts to increase the City's tax base, increase the number of available jobs, improve the opportunities and climate for business ventures and the reestablishment of the City's downtown as a regional center of employment, shopping, investment and housing (the "1981 Development Program"); and

WHEREAS, in October 2003, the City specifically approved efforts to develop jobs and tax base, cooperation with the State of Minnesota and other partners, through a bioscience program, and made application to the State for the creation of a Saint Paul Bioscience Zone, which includes the Development Property described below (the "Bioscience Program"); and

WHEREAS, both individually and collectively the 1981 Development Program and the Bioscience Program constitute citywide economic development programs; and

WHEREAS, pursuant to Minnesota Laws 1992, Chapter 376, Article 4 (the "Special Law"), and in connection with the implementation of citywide development plans, as described in the 1981 Development Program and the Bioscience Program, the City was given broad economic development powers, including the power to execute the Prior Guaranty described below and the Proposed Guaranty described below; and

WHEREAS, pursuant to the 1981 Development Program and the Bioscience Program, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), acquired an approximately 126,000 square foot building located at 1000 Westgate in the City, and the site thereof (the land and building referred to as the "Development Property"); and

WHEREAS, in connection with the Development Property, the HRA and University Enterprise Laboratories, a Minnesota nonprofit corporation ("UEL") entered into a Development Agreement dated January 28, 2004,

providing for the purchase from the HRA of the Development Property and the construction and operation therein of a laboratory-based bioscience incubator facility (the "Project") and

WHEREAS, in January 2005, UEL Real estate Holdings, LLC, a Delaware limited liability company and an affiliate of UEL (the "Borrower"), incurred financing provided through the federal New Market Tax Credit ("NMTC") program, in the principal amount of \$13,800,000, and with a term of seven years (the "Outstanding Debt"), and applied the proceeds of the Outstanding Debt to the purchase from the HRA of the Development Property and the construction of the Project; and

WHEREAS, to meet a requirement of the Outstanding Debt, and to facilitate the Borrower's purchase from the HRA of the Development Property, the City executed in favor of the lender a Guaranty Agreement (the "Prior Guaranty"), guaranteeing the Outstanding Debt and certain related obligations, and the Prior Guaranty was limited in amount to \$6,000,000, plus accrued interest; and

WHEREAS, the Outstanding Debt, by its terms, must be paid in full by no later than January 23, 2012, in the principal amount of \$13,800,000, or be refinanced, and the Borrower has proposed refinancing the Outstanding Debt through various funds to be available for the purpose, including the proceeds of a loan to be obtained from U.S. Bank National Association (the "Bank"), in the approximate principal amount of \$9,400,000, and with a term of seven years (the "Pending Loan"); and

WHEREAS, the Bank, as a condition to making the Pending Loan, has required that the City deliver a new guaranty limited in amount to \$4,000,000 (the "Proposed Guaranty"); and

WHEREAS, the effect of the Proposed Guaranty would be to reduce the City's outstanding guaranty obligations from a principal amount of \$6,000,00 to \$4,000,000, and City staff has recommended that the City execute and deliver the Proposed Guaranty.

Now, THEREFORE, BE IT RESOLVED, by the City Council of the City of Saint Paul, Minnesota, as follows:

1. The City's prior recognition of the 1981 Development Program and the Bioscience Program as citywide development programs, within the meaning of the Special Law, is hereby ratified and confirmed.
2. As authorized by the Special Law, and in support of the bioscience initiative described in the Bioscience Program, the City is hereby authorized to enter into the Proposed Guaranty, substantially in the form attached hereto as Exhibit A. In connection with the Proposed Guaranty, the City, the Borrower and UEL shall enter into a Reimbursement Agreement incorporating the terms and conditions set forth in the City's Term Sheet attached hereto as Exhibit B (the "Reimbursement Agreement"). The Mayor, the City Clerk, the Director, Office of Financial Services, and other officers of the City, or their designees, are hereby authorized and directed to execute and deliver the Proposed Guaranty, but with all such changes therein, not inconsistent with the provisions hereof, as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof, and the Proposed Guaranty shall be approved as to form by the City Attorney or Assistant City Attorney. Officers of the City are further authorized to provide to the HRA, the Bank or other parties such certificates and other documents as may be necessary or desirable to evidence the due and valid authorization, execution and delivery of the Proposed Guaranty by the City.
3. In connection with the Proposed Guaranty and the preparation and delivery of the Reimbursement Agreement and related documents, Dorsey & Whitney, LLP shall serve as special counsel to the City and Dougherty & Company LLC shall serve as the City's financial advisor.