



Legislation Details (With Text)

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Title: Approving the amendment of the Energy Lane Business Center Redevelopment and Great Northern Business Center Phase II Redevelopment Tax Increment Financing Plans, amending the City’s 2017 Operating Budget, and authorizing an Interfund Loan.

Sponsors: Dai Thao

Indexes:

Code sections:

Attachments: 1. Attachment A (Funding Agmt) to City Council Resolution.pdf, 2. Attachment B (1) (SPPA Board Memo) to City Council Resolution.pdf, 3. Attachment B (2) (SPPA Board Resolution) to City Council Resolution.pdf, 4. Attachment C Financial Analysis, 5. Met Council Email

Date	Ver.	Action By	Action	Result
7/24/2017	1	Mayor's Office	Signed	
7/19/2017	1	City Council	Adopted	Pass

Approving the amendment of the Energy Lane Business Center Redevelopment and Great Northern Business Center Phase II Redevelopment Tax Increment Financing Plans, amending the City’s 2017 Operating Budget, and authorizing an Interfund Loan.

WHEREAS, on March 2, 2016, the City Council (“Council”) of the City of Saint Paul (the “City”) adopted Resolution PH 16-64 (the “2016 Resolution”) approving a Development Agreement by and between the City and MUSC Holdings, LLC (the “Development Agreement”) and a Funding Agreement (See Attachment A - the “Funding Agreement”) with the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“HRA”) to finance infrastructure and remediation work (the “Project”) in connection with the redevelopment of the area bounded by Snelling Avenue, St. Anthony Avenue, University Avenue and Pascal Street North in the City (the “Snelling-Midway Site”); and

WHEREAS, the Funding Agreement anticipated the award and receipt of grants to finance portions of the Project costs at the Snelling-Midway Site; and

WHEREAS, some of the grantors have determined that the portion of the Snelling-Midway Site anticipated to utilize the City funds for Project costs is not an eligible use of the grants, making it necessary to utilize a different additional source of funds for some elements of the Project; and

WHEREAS, on September 25, 2002, the Council approved the creation by the Port Authority of the City of Saint Paul (the “Port Authority”) of the Energy Lane Business Center Redevelopment Tax Increment Financing District, and on November 23, 2004, approved the Port Authority’s creation of the Great Northern Business Center Phase II Redevelopment Tax Increment Financing District (collectively, the “TIF Districts”), both created as redevelopment tax increment financing districts under Minnesota Statutes, Section 469.174, Subdivision 10, all pursuant to and in accordance with Minnesota Statutes, Sections 469.174 through 469.1794 (the “TIF Act”); and

WHEREAS, to provide funds necessary to complete the Project, the Port Authority has approved the amendment of (i) the geographic areas of Industrial Development Districts (the "Project Areas"), in which tax increments from the TIF Districts are authorized to be spent, to include the Snelling-Midway Site and (ii) the budgets of the TIF Districts to authorize the use of tax increment from the TIF Districts to fund a portion of the costs of the Project (the "Amended TIF Plans") by resolution on June 27, 2017 (See Attachment B - Port Authority Memorandum and Resolution); and

WHEREAS, under the Amended TIF Plans, the budgets for the TIF Districts are amended to include the pledged repayment of \$875,000 in Pay-As-You-Go/Interfund TIF Notes (the "TIF Notes") issued by the Port Authority to provide the additional funds necessary to complete the Project, and such TIF Notes are on file with the Director, Office of Financial Services, in substantially final form; and

WHEREAS, under MN Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to pay costs that are otherwise eligible for financing with tax increments under the TIF Act but such advance or loan must first be authorized and approved by this City Council not later than 60 days after money is transferred, advanced or spent; and

WHEREAS, there are available funds in Fund 700, the City Internal Loan Fund, to make an advance of up to \$875,000 to the Project in 2017 (the "Advance"); and

WHEREAS, the Advance, until repaid, will bear interest at the monthly City treasury portfolio investment rate, which is variable and reset monthly by the City, and will be paid as part of the Project's costs, provided that such rate, on an annual basis, is no more than the greatest of (a) the rate specified under Minnesota Statutes, Section 270C.40 (the rate applied to delinquent State income taxes), or (b) the rate specified under Minnesota Statutes, Section 549.09 (the rate on unpaid judgments) in effect for the calendar year in which it is charged; and

WHEREAS, the Advance will be secured and repaid by the TIF Notes; and

WHEREAS, the Advance will be documented in the Record of Internal Loan, which is on file with the Office of Financial Services in substantially final form; and

WHEREAS, the Mayor, pursuant to Section 10.07.1 of the City Charter, does certify that there are \$875,000 available for appropriations in the City Internal Loan Fund; and

WHEREAS, the Port Authority has performed all actions required by law to be performed prior to the adoption of the Amended TIF Plans including, but not limited to, notification of the Ramsey County Commissioner representing the area of the County in which the TIF Districts are located, and delivering a copy of the Amended TIF Plans to Ramsey County and Independent School District Number 625, which have taxing jurisdiction over the properties included in the TIF Districts. The Port Authority has requested that the City approve the Amended TIF Plans following the holding of a public hearing upon published notice as required by law; and

WHEREAS, on this date, the Council conducted a public hearing on the Amended TIF Plans, after published notice thereof; and

WHEREAS, at said public hearing the Council heard testimony from all interested parties regarding the Amended TIF Plans; and

WHEREAS, the Council has considered the documentation submitted in support of the Amended TIF Plans and has taken into account the information and knowledge gained in hearings upon and during consideration of other matters relating to the developments proposed within the TIF Districts.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Saint Paul, Minnesota (the "City") as follows:

The Amended TIF Plans

1. The Council hereby finds that the Amended TIF Plans are intended and, in the judgment of the Council, their effect will be, to carry out the objectives of the TIF Districts, including, but not limited to, redevelopment of underused property in the Project Areas, including without limitation the Snelling-Midway Site, providing job opportunities for City residents, remediating polluted soils and otherwise promoting certain public purposes.

2. The Council hereby ratifies and confirms the findings made in connection with the establishment of the TIF Districts.

The Council hereby makes the following additional findings:

(a) The Council further finds that the Project, in the opinion of the Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The Amended TIF Plans, among other things, creates the opportunity to stimulate redevelopment of lands or areas within the Project Area that would not otherwise occur without tax increment assistance. Pursuant to the 2016 Resolution, the Development Agreement and the Funding Agreement the City agreed, among other things, to provide financing for the Project. The City Council hereby finds and affirms that such infrastructure and remediation work is required in order to make proposed redevelopment of the Snelling-Midway Site economically feasible, as evidenced by the terms of Development Agreement. The City and the HRA anticipated using grant funds to pay for the costs of the Project on the Snelling-Midway Site. Project activities on the Snelling-Midway Site have commenced, after approval and execution of the Development Agreement and the determination that such infrastructure and remediation work is necessary for redevelopment of the Snelling-Midway Site, but some of the grantors have determined that the portion of the Snelling-Midway Site anticipated to utilize the City funds for Project costs is not an eligible use of the grants, making it necessary to utilize a different additional source of funds for some elements of the Project. No other funding sources are available to pay for the Project costs and the proposed redevelopment of the Snelling-Midway Site would not otherwise occur without the use of tax increment assistance.

(b) The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The specific basis for such finding being:

The proposed redevelopment of the Snelling-Midway Site will significantly increase the market value of the Snelling-Midway Site and could not occur without the infrastructure and remediation work which could not occur without the use of tax increments. The increase in market value without the use of tax increments is likely to be negligible as evidenced by the Development Agreement and the fact that a significant portion of the site has been tax exempt and underutilized for quite some time.

(c) The Council further finds that the Amended TIF Plans conform to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The Amended TIF Plans will generally complement and serve to implement policies adopted in the City's comprehensive plan. The public redevelopment contemplated by the Amended TIF Plans is in accordance with the City's comprehensive plan.

(d) The Council further finds that the Amended TIF Plans will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Snelling-Midway Site by private enterprise. The

specific basis for such finding being:

The proposed development and redevelopment will further the development of property in the Snelling-Midway Site, within the City.

3. The Council hereby approves the Amended TIF Plans.

Budget Amendment, Interfund Loan, and TIF Notes

1. Upon recommendation of the Mayor that \$875,000 is available for appropriation in the 2017 Budget, the Council hereby amends said budget as specified in the attached financial analysis (See Attachment C - Financial Analysis).

2. The Council approves the Advance of \$875,000 to the Project via interfund loan, and authorizes the appropriate City officials to execute all necessary documents to complete the Advance, including, but not limited to, the Record of Internal Loan (the "Interfund Loan").

3. Payments on this Interfund Loan and interest thereon are payable solely from payments received by the City under the terms of the TIF Notes.

4. This Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from pledged revenues to the payment hereof.

5. The Council approves the TIF Notes, and authorizes the appropriate City officials to execute the TIF Notes, and any related documents reasonably necessary to execute the TIF Notes and fulfil the intent of this resolution. The Director, Office of Financial Services, is authorized to negotiate any amendments to the TIF Notes and related documents that do not materially change the terms and conditions of the TIF Notes, with the approval of the City Attorney.