



Legislation Text

File #: RES 12-2275, **Version:** 2

Resolution approving Second Amended Spending Plan, Amended Loan Documents for J&J Distributing and West 7th/Fort Road Federation, Inc., and amended budget all relating to the Jobs Bill, Districts 7 and 9, Wards 1 and 2, Citywide

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the "Act"); and

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

WHEREAS, various private entities have requested financial assistance from the HRA for various housing and redevelopment projects; and

WHEREAS, in 2010, the Minnesota legislature enacted legislation referenced in MN Statutes 469.176, Subd. 4m which includes several provisions that expand the use of tax increment financing in order to stimulate job creation (the "Jobs Bill"); and

WHEREAS, the Jobs Bill provides for temporary authority to stimulate and create job growth through construction projects; and

WHEREAS, the HRA adopted a spending plan on September 8, 2010, as Resolution #10-9/8-2 ("Spending Plan") which Spending Plan authorized the use of tax increments in an amount up to \$7,700,000 to provide improvements, loans or assistance for private development that will create or retain jobs in this state; and

WHEREAS, the City of Saint Paul held a public hearing on September 1, 2010 after published notice in a newspaper of general circulation in the city at least once, not less than ten days nor more than 30 days prior to the date of the hearing, and investigated the facts necessary to make the findings and resolutions described therein and the City Council approved the Spending Plan; and

WHEREAS, in 2011 the Minnesota legislature extended the period of spending for the Jobs Bill that expand the use of tax increment financing in order to stimulate job creation; and

WHEREAS, the HRA adopted an amended spending plan on December 22, 2011 as Resolution #11-2570 ("Amended Spending Plan") which Amended Spending Plan authorized the use of tax increments to provide improvements, loans or assistance for private development that will create or retain jobs in this state and to spend tax increments through December 31, 2012, without increasing the total spending of \$7,700,000, as permitted through the adopted legislation; and

WHEREAS, the HRA approved four projects for Jobs Bill spending, which included \$1,419,552 for Frogtown Square, \$1,612,000 for Cossetta's Alimentari, \$1,500,000 for J & J Distributing and \$1,895,715 for Schmidt Brewery; and

WHEREAS, two projects are complete (Frogtown Square and Cossetta's) and two projects are ongoing and have requested additional assistance from the HRA (J & J Distributing and Schmidt Brewery); and

WHEREAS, in addition, the second half tax increment collections have been received and HRA staff now needs to reconcile estimated spending from certain TIF districts to match actual revenues; and

WHEREAS, on November 10, 2010, the HRA adopted Resolution No. 10-1227 approving a loan from Jobs Bill funds in the amount of \$1,500,000 and execution of loan documents with J & J Distributing; and

WHEREAS, J & J Distributing has encountered unforeseen soil contamination at the project site, requiring additional soil remediation efforts and the HRA desires to increase their loan from Jobs Bill by \$10,000 to help finance a portion of the additional cost; and

WHEREAS, on March 23, 2011, the HRA adopted Resolution No. 11-573 approving a loan from Jobs Bill funds in the amount of \$1,895,715 and execution of loan documents with West 7th/Fort Road Federation, Inc. for the Schmidt Brewery acquisition and stabilization project; and

WHEREAS, the West 7th/Fort Road Federation has exceeded the cost for roof repairs for the project and requested \$15,000 from the HRA and the HRA desires to increase their loan from Jobs Bill by \$15,000 to help with this additional cost; and

WHEREAS, HRA staff recommends utilizing tax increment revenue on hand to finance the requested \$25,000 and amending the budget; and

WHEREAS, the increase in spending and the reallocation of tax increments necessitates an amendment to the Jobs Bill Spending Plan; and

WHEREAS, the HRA desires to adopt a Second Amended Spending Plan to reduce the spending to \$6,452,267 for the four projects and to allocate spending among various TIF districts in accordance with the Jobs Bill;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, that:

- 1) The HRA Board hereby approves the Second Amended Spending Plan in Attachment B and the HRA Executive Director is hereby authorized and directed to execute the necessary documents on behalf of the HRA. The Executive Director of the HRA is hereby authorized to negotiate and agree to any amendments, deletions or revisions to the Second Amended Spending Plan provided that such amendments are acceptable in form and substance to the Saint Paul City Attorney.
- 2) The HRA hereby approves the amended loan documents with J & J Distributing and West 7th/Fort Road Federation, Inc.
- 3) The HRA Executive Director, staff and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution and the HRA's Executive Director is authorized to execute any documents and instruments in connection therewith.
- 4) The HRA must spend tax increments under the Second Amended Spending Plan by December 31, 2012.
- 5) The HRA may only spend tax increments to be received in calendar year 2012 from the various TIF

- districts identified in the Second Amended Spending Plan.
- 6) Budget in the form of Attachment A is hereby approved.