



Legislation Text

File #: Min 19-37, **Version:** 1

Approving the July 10, 2019 HRA Board meeting minutes **ROLL CALL**

Present 4 - Commissioners Brendmoen, Jalali Nelson, Thao and Chair Tolbert

Absent 3 - Commissioners Busuri, Noecker and Prince

CONSENT AGENDA

1. Approving the June 12, 2019 HRA Board meeting minutes

Moved by Commissioner Thao, Resolution Adopted and set forth in MIN 19-27

VOTE: Yeas - 4 Nays - 0

FOR DISCUSSION

Commissioner Prince and Busuri Arrived

2. Resolution approving execution of a parking space license and revenue sharing agreement for the World Trade Center Parking Ramp, 475 Cedar Street, with MCM Holdings, an affiliate of the Minnesota Children's Museum, District 17, Ward 2

Dr. Bruce Corrie, HRA Executive Director, stated that in 1991 as part of the package of incentives to attract the Children's Museum to Downtown Saint Paul there was a provision for parking in the World Trade Center Ramp owned by the HRA. Under this agreement, the HRA agreed to provide 150 spaces at a discounted rate for MCM patrons and revenue sharing of 80 percent of the revenue generated by patrons using those spaces. This agreement expired in December 1, 2012.

In 1997, the HRA together with Principal Mutual Life Insurance Company (Principal) the owner of the WTC Center at that time, issued parking revenue bonds to expand the WTC ramp. Part of the agreement with Principal was that they had the option to purchase the same when their operating agreement expired in 2018. Principal continued to honor the agreement and the revenue sharing arrangement with MCM and when their operator's agreement expired on May 31, 2018, the HRA via resolutions #18-123 authorized the continuation of the parking agreement.

A settlement agreement was reached with Principal and approved by the HRA RES #18-1897 enabling the HRA to continue owning the ramp as well as operating it. What we present here today is the new agreement between the HRA and the MCM and by doing so affirms and acknowledges the very important asset to the City of Saint Paul - the Minnesota's Children's Museum.

Under the terms of this new agreement, MCM will continue to have access to 150 parking spaces. MCM patrons will be offered a discounted rate for a fixed 3 hour stay that is discounted to a maximum of 35 percent from the applicable 3 hour public rate (the actual rate will be determined by MCM). From July 1, 2019 to June 30, 2020, the revenue sharing will be 60 percent of revenues from the 150 dedicated spaces. From July 1, 2020 to the end of the agreement the revenue sharing will be 40

percent. The agreement expires in 20 years with the effective date of May 1, 2019 unless earlier terminated.

Chair Tolbert thanked PED staff and the Children's Museum.

Moved by Commissioner Brendmoen, Resolution Adopted and set forth in RES 19-1136

VOTE: Yeas - 6 Nays - 0

3. Resolution authorizing the issuance and sale of conduit multifamily housing revenue bonds for the Rice Street Flats project to be located at the intersection of Rice Street and Sycamore Street; approving the execution of related documents; and adopting a Housing Program; District 6, Ward 1

Dr. Bruce Corrie, HRA Executive Director, stated that the HRA assembled the parcels identified in the board report at a cost of a little over \$520,000. This combined site is around 30,000 square feet. The value includes the cost of the buildings on the site which were demolished to prepare this site for redevelopment.

On April 11, 2017 the HRA received a proposal from Phoenix Development Company to develop the site and awarded them tentative developer status on July 12, 2017. The developer proposes to construct a 4-story building with 41 housing units and 52 parking spaces. This project is attractive for a couple of reasons: offering 20 3-bedroom units which is very much needed because many of our residents have larger families. In addition, the developer has agreed to 5 units being offered at 50 percent of AMI.

The developer will use Multifamily Housing Revenue note as well as the 4 percent low income tax credits that come with the note. The principal amount of the note will not exceed \$7.5 million.

There is a \$1.5 million HOME loan to help fill the financing gap which will have a 41-year term with a 1 percent interest rate with payments deferred for the first 15 years. This loan will be in 3rd position from the mortgage of \$5.6 million and a \$340,000 HRA loan.

The HRA will sell the land for \$340,000 to the developer and at the same time offer the developer a loan for \$340,000 with a 1 percent interest for a term of 41 years with interest deferred for the first 15 years.

In order to maximize the amount of tax credit the Developer is requesting a developer fee of \$1,655,200 with a portion to be deferred over a period of 15 years.

Moved by Commissioner Thao, Resolution Adopted and set forth in RES 19-1138

VOTE: Yeas - 6 Nays - 0

PUBLIC HEARINGS

4. Resolution authorizing and approving the conveyance of seven parcels of land located at the northeast corner of Rice Street and West Sycamore Street; approval of a HRA land sale loan of \$340,000 to assist in the purchase of the property; financing of \$1,500,000 HOME loan; and authorization to enter into a development agreement for the Rice Street Flats project; District 6, Ward 1

Dr. Bruce Corrie, HRA Executive Director, stated that this is a public hearing for the sale of the land to the developer for \$340,000, the financing of the \$1,500,000 Home Loan and authorization to enter into

a development agreement for the Rice Street Flats project.

Commissioner Thao shared his appreciation and thanked PED, Dr. Corrie and Housing Director, Kayla Schuchman for the hard work on getting this deal done.

Moved by Commissioner Thao, Resolution Adopted and set forth in RES PH 19-220

VOTE: Yeas - 6 Nays - 0

5. Resolution giving preliminary approval to the proposed issuance of conduit revenue bonds for the Community of Peace Charter School Project, 471 Magnolia Avenue East, under Minnesota Statutes, Sections 469.152 through 469.1655 District 5, Ward 5

Dr. Bruce Corrie, HRA Executive Director, stated that Community of Peace Academy was established in 1995 with an enrollment of 804 students. This is a charter school with the University of Saint Thomas as the authorizer. In 2006 the HRA issued conduit revenue bonds to establish the schools and the bonds were reissued in 2015 for a total of \$14.685 million.

The \$7.5 million of conduit revenue bonds will fund the expansion of the school. The estimated cost of the project is \$10.5 million. This expansion will allow the school to increase enrollment by 172 to 976 and will create 175 construction jobs and increase full time employment by 50.

Moved by Commissioner Brendmoen, Resolution Adopted and set forth in RES PH 19-219

VOTE: Yeas - 6 Nays - 0

6. Resolution approving and authorizing the sale and conveyance of 1295 Galtier Street to Greater Frogtown Community Development Corporation, waiver of the 45-day written notice in the HRA Disposition Policy, authorization to enter into a development agreement and authorization of expenditures for redevelopment, District 6, Ward 5

Dr. Bruce Corrie, HRA Executive Director, stated that the Greater Frogtown Community Development Corporation plans to purchase 1295 Galtier with the intent to rehab it and sell it as an affordable rate to a resident whose income is below 80 percent of the AMI.

In our efforts to efficiently utilize our CDBG dollars before the annual deadlines we approached GFDC in partnership where the HRA would acquire the property and convey it to them for rehab for affordable housing. Since this is an unusual property in the HRA inventory as explained above we request waiver of the 45-day disposition policy.

We also request the authorization to enter into a development agreement with GFDC and authorization of expenditure of up to \$165,000 for redevelopment.

The homeowner will be eligible for up to \$5000 in assistance from the HRA Inspiring Communities program funds to lower the amount of the first mortgage or to augment a down payment. This will be at 0 percent interest and forgiven over a 5-year period.

Because this project raises the issues of HRA owned assets, I want to once again bring visibility to the fact that for the first time in our recent history, thanks to the leadership of the HRA Commissioners and PED staff, the inventory of available HRA real estate assets are on line, so potential developers can explore opportunities.

Moved by Commissioner Brendmoen, Resolution Adopted and set forth in RES PH 19-218

VOTE: Yeas - 6 Nays - 0

7. Resolution approving and authorizing the transfer and conveyance of HRA owned land in Victoria Park to City of Saint Paul for park purposes, and budget Amendment, District 9, Ward 2

Dr. Bruce Corrie, HRA Executive Director, stated that this site was formerly known as the Koch/Mobil site, the property was conveyed to the HRA in 2009 along with a settlement of clean-up funds. Apart from remediation of the site there was other development work and a masterplan to guide a new 37-acre urban village. Now it has a mix of uses including Shalom Homes, affordable senior housing, a grocery store co-op, a charter school, , and several market rate rental housing developments. Due to deed restrictions a portion of the land is to be transferred to Parks for use as parkland and a balance of \$1,0005,831 to Parks for parkland development.

This is a public hearing of the intent of the HRA to convey this land to Parks.

Moved by Commissioner Jalai Nelson, Resolution Adopted and set forth in RES PH 19-221

VOTE: Yeas - 6 Nays - 0

ADJOURNMENT

Moved by Prince, the HRA Board Meeting is Adjourned

VOTE: Yeas - 6 Nays - 0