



Legislation Text

File #: RES PH 22-377, **Version:** 1

Authorizing an Internal Loan Agreement and 2022 budget for the Ford Site Redevelopment Project

WHEREAS, on December 4, 2019, the City Council of the City of Saint Paul, Minnesota (the "City") approved RES PH 19-388 approving an amendment to the Capital Improvement Budget; declaring official intent to reimburse expenditures from the proceeds of tax exempt bonds; authorizing interfund loans; providing for the use of Project Labor Agreements in accordance with policy; and authorizing execution of a redevelopment agreement and related documents for the Ford Site Redevelopment Project (District 15, Ward 3) (the "Project"); and

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul (the "HRA") established the Ford Site Redevelopment Tax Increment Financing District (#322) (the "TIF District"); and

WHEREAS, the HRA established the TIF District, being a tax increment financing district established as a redevelopment district under Minnesota Statutes, Section 469.174 to 469.179, as amended (the "Tax Increment Act"), pursuant to the Tax Increment Act and a resolution duly adopted by the Board of Commissioners of the HRA; and

WHEREAS, the City Council adopted RES PH 19-388 approving a Redevelopment Agreement for the Ford Site (the "RDA"), a Policy on Interfund Loans and Advances for the TIF District and adopted a financing budget that included an advance of City funds to be repaid by tax increments generated by the TIF District ("Pay-Go-TIF"), in addition to City G.O. TIF Bonds and other non-TIF City sources; and

WHEREAS, the City Council adopted RES PH 20-185 that amended the financing budget for the Project ("City Amended Budget"); and

WHEREAS, the HRA Board adopted RES 20-1418 that amended the HRA Budget for the Project ("HRA Budget") to align with the City Amended Budget; and

WHEREAS, the above identified spending includes installation of infrastructure outlined in the RDA, plus PW construction oversight, City Owner's Representative and City constructed off-site public improvements estimated to total \$9,500,000 ("Pay-Go Costs"); and

WHEREAS, until tax increment revenue from the TIF District is received, a 2022 budget needs to establish an interfund loan of up to \$9,500,000 to finance the Pay-Go Costs in the Project, refinancing a portion of the costs financed by the City's G.O. Temporary TIF Bonds, Series 2020C (the "2020C Bonds") by refunding the 2020C Bonds, and other eligible costs of the Project (collectively, the "Interfund Loan Expenditures"); and

WHEREAS, an Internal Loan Agreement will outline the terms of the City's advances to finance the Interfund Loan Expenditures; and

WHEREAS, on March 10, 2021, the City Council approved RES PH 21-51 receipting \$7,000,000 from the State of Minnesota Point Source Implement Grant ("PSIG") for the Ford Site Central Stormwater Utility and related facilities as well as updated cost estimates and related sources on the Mississippi River Boulevard crossing project, also commonly referred to as the Hidden Falls Connection project; and

WHEREAS, the PSIG will be used to redeem 80% (\$4,380,000) of the \$5,475,000 G.O. Temporary TIF Bonds, Series 2020C and to pay interest due of \$54,750 and repay interfund loan principal and/or prepay a portion of the Series 2021B bonds, as determined by the City OFS; and

WHEREAS, the Mayor, pursuant to Section 10.07.1 of the Charter of the City of Saint Paul, does certify that there are available for appropriation total revenues in excess of those estimated in the budget, funds of \$9,500,000; now

THEREFORE BE IT RESOLVED, by the Council of the City of Saint Paul that:

1. Upon recommendation of the Mayor that \$9,500,000 is available for appropriation, as heretofore adopted and amended by this Council, be hereby further amended in the particulars as specified in the attached financial analysis.
2. An interfund loan in the amount of up to \$9,500,000 is approved to help finance at the Highland Bridge Site and the appropriate City officials are authorized to execute all necessary documents to complete the interfund loan, including the Internal Loan Agreement.
3. This resolution is evidence of an internal borrowing by the City in accordance with Section 469.178, subdivision 7 of the Tax Increment Act. The written terms and conditions of the interfund loan will be set forth in the Internal Loan Agreement and will include, at a minimum, the principal amount, the interest rate, and maximum term. The interfund loan described and approved herein is one of the "Loans" authorized and contemplated under Section 4 of RES PH 19-388 and this resolution supplements but does not supersede RES PH 19-388.
4. As set forth in Section 5 of RES PH 19-388, the City reasonably expects to reimburse the expenditures made for certain costs of the Project, including without limitation a portion of the Interfund Loan Expenditures, from the proceeds of tax-exempt bonds in a principal amount previously estimated not to exceed \$31,873,279. All reimbursed expenditures related to the Project will be capital expenditures, costs of issuance of the tax-exempt bonds or other expenditures eligible for reimbursement under Treasury Regulations, Section 1.150-2(d)(3). A reimbursement allocation with respect to tax-exempt bonds will be made not later than 18 months after the later of: (i) the date the original expenditure is paid; or (ii) the date the Project is placed in service or abandoned, but in no event more than 3 years after the original expenditure. This resolution is intended to constitute a declaration of official intent for purposes of Treasury Regulations, Section 1.150-2. The declaration of official intent described and approved herein supplements but does not supersede RES PH 19-388.