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Title: Resolution Approving and Authorizing Acceptance of Conveyance of Palace Theatre from City of Saint Paul (City); Execution of a Reimbursement and Loan Agreement with the City; Acceptance of Assignment of Existing Contracts from the City; Execution of State G.O.Bond Grant Agreement and related documents and agreements; Execution of a Development Agreement and Use Agreement with Palace Theatre Operations, LLC; Acceptance of Encroachment Easement; Execution of Access Easement; Approval of Additional Actions to Complete the Palace Theatre Project; and Budget Amendment; District 17, Ward 2

Sponsors: Dave Thune

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Date	Ver.	Action By	Action	Result
12/9/2015	1	Housing & Redevelopment Authority	Adopted As Amended	Pass
12/9/2015	1	Housing & Redevelopment Authority	Amended	Pass
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Resolution Approving and Authorizing Acceptance of Conveyance of Palace Theatre from City of Saint Paul (City); Execution of a Reimbursement and Loan Agreement with the City; Acceptance of Assignment of Existing Contracts from the City; Execution of State G.O.Bond Grant Agreement and related documents and agreements; Execution of a Development Agreement and Use Agreement with Palace Theatre Operations, LLC; Acceptance of Encroachment Easement; Execution of Access Easement; Approval of Additional Actions to Complete the Palace Theatre Project; and Budget Amendment; District 17, Ward 2

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, the City of Saint Paul ("City") City Council on December 17, 2014 passed Resolution No. PH 14-343 ("2014 City Resolution") that approved \$8,000,000.00 for renovations to the Palace Theatre in downtown Saint Paul ("Project"); and

WHEREAS, pursuant to 2014 Minnesota Laws Chapter 294, Article 1, Section 21, Subdivision 18, the City was awarded a grant from the State of Minnesota in the sum of \$5,000,000.00 (“State Grant”) to pay for Project costs (“2014 Laws”); and

WHEREAS, subsequent to the passage of the 2014 City Resolution and 2014 Laws, City staff has been engaged in many actions to move the Project forward and those actions have included the following: (a) discussions with the State of Minnesota regarding the State G.O.Bond Grant and grant agreement (“State Grant Agreement”); (b) discussions and negotiations with the proposed operator regarding a development agreement and an use agreement; (c) closing on the acquisition of the real property upon which the Palace Theatre is located that is legally described as Tract A, Registered Land Survey No. 621 (“Real Property”); (d) execution of contracts relating to the planning, design, abatement and renovation of the Project (“Contracts”), supervision of work being performed under those Contracts, and payment of invoices for such work; (e) obtaining additional funds of up to \$1.7 million to complete the Project; (f) discussions and negotiations with the HRA regarding a change in the ownership of the Project from the City to the HRA, with the HRA to receive a City loan of up to \$9,360,000 to pay Project costs (“City Loan”), (g) the execution of a reimbursement and loan agreement between the City and HRA (“Loan Agreement”) to evidence the City Loan; (h) submission of a petition to the City for specially assessing the costs of a fire protection system for the Project (“Fire Protection Improvements”); and

WHEREAS, based on discussions between City staff and HRA staff, it was recommended that the Real Property and Contracts be transferred from the City to the HRA so that the HRA will own the Palace Theatre and complete the Project; and

WHEREAS, the State Grant has been transferred from the City to the HRA and that was accomplished by 2015 First Special Session Laws Chapter 5, Article 3, Section 22 (“2015 Laws”); and

WHEREAS, the City Council will be asked at its December 16, 2015 meeting to approve the following actions: (a) the transfer of the Real Property and Contracts to the HRA; (b) that up to \$9,360,000 of funds from the 8-80 Vitality Fund be loaned to the HRA to be used to pay for Project costs under the terms of the Loan Agreement; (c) that the Fire Protection Improvements be made; and (d) a budget amendment (collectively the “City’s Actions”); and

WHEREAS, HRA staff has continued to work with the State on the substantive terms of the State Grant Agreement; and

WHEREAS, HRA staff has continued with its negotiations with Palace Theatre Operations, LLC, the proposed operator of the Palace Theatre (“Operator”); and is submitting to this Board for its consideration and approval the substantive terms and conditions of a proposed development agreement (“Development Agreement”) and use agreement (“Use Agreement”) which terms and conditions are described in the staff report accompanying this Resolution; and

WHEREAS, as part of the acquisition of the Real Property it became necessary for an exchange of easements with the adjacent property owner to the north of the Project, specifically an access easement (“Access Easement”) and encroachment easement (“Encroachment Easement”), and these easements are being presented to the HRA Board for its consideration and approval; and

WHEREAS, while the actual costs of the work to complete the Fire Protection Improvements will be reimbursed to the HRA from the City under the City’s Fire Protection Sprinkler System program, it is necessary for the HRA to initially pay for these costs and staff recommends that \$300,000.00 be budgeted for this work; and

WHEREAS, the renovation of the Project is underway and it will become necessary to let additional contracts for remaining work after competitive bids are solicited; and

WHEREAS, a companion resolution for this Palace Theater Project relating to other financing actions of the HRA is being submitted to this HRA Board at its December 9, 2015 meeting for its consideration and approval; and

WHEREAS, the HRA Board of Commissioners determines there is a public purpose to take all the actions described in and approved in this Resolution since the renovation and operation of the Palace Theatre will: (i) provide a venue for a broad range of entertainment activities, including music by local and traveling artists; (ii) further the vitality of downtown Saint Paul by generating increased economic activity among its convention and tourism industries; and (iii) further economic development and stimulate the local economy overall.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota that subject to the City Council's approval at its December 16, 2015 meeting of the City's Actions:

1. The HRA Board of Commissioners hereby approves the acceptance of the conveyance of the Real Property from the City.
2. The HRA Board of Commissioners hereby approves the execution of the Loan Agreement with the City and authorizes and directs that the Chair/Commissioner, Executive Director, and Director of the Office of Financial Services to execute and deliver the Loan Agreement.
3. The HRA Board of Commissioners hereby approves the acceptance of the assignment of the Contracts from the City.
4. The HRA Board of Commissioners hereby approves the execution of the State Grant Agreement with the State of Minnesota and authorizes and directs that the Chair/Commissioner, Executive Director, and Director of the Office of Financial Services to execute and deliver the State Grant Agreement and related documents, instruments and agreements.
5. The HRA Board of Commissioners hereby approves the execution of the Development Agreement and Use Agreement with the Operator and authorizes and directs that the Chair/Commissioner, Executive Director, and Director of the Office of Financial Services to execute and deliver the Development Agreement and Use Agreement.
6. The HRA Board of Commissioners hereby approves the acceptance of the Encroachment Easement.
7. The HRA Board of Commissioners hereby approves the Access Easement and authorizes and directs that the Chair/Commissioner execute and deliver the Access Easement.
8. The budget for the Palace Theatre Project is hereby approved as detailed in Attachment A.
9. 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 complete the Project. The HRA's Executive Director is authorized to negotiate any amendments to the foregoing agreements that do not materially change the terms and conditions of such agreements with the approval of the City Attorney and execute any other necessary documents and instruments in connection with this Resolution.