



Legislation Details (With Text)

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Title: Granting preliminary approval to the issuance of sales tax revenue bonds by the City and authorizing City finance staff and advisors to take certain actions with respect to the issuance and sale of such bonds and related matters.

Sponsors: Amy Brendmoen

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Granting preliminary approval to the issuance of sales tax revenue bonds by the City and authorizing City finance staff and advisors to take certain actions with respect to the issuance and sale of such bonds and related matters.

WHEREAS, under Laws of Minnesota 1993, Chapter 375, Article 9, Section 46, as amended (the "Local Sales Tax Act"), the City of Saint Paul, a home rule city, municipal corporation, and political subdivision of the State of Minnesota (the "City"), is authorized to impose an additional sales tax of up to one-half of one percent on sales transactions in the City taxable under Minnesota Statutes, Chapter 297A, as amended, and a use tax at the same rate for the use, storage, distribution, or consumption in the City of personal property purchased without payment of the City sales tax (the City sales and use tax is hereinafter referred to as the "Local Sales Tax").

WHEREAS, under the terms of Subdivision 2 of the Local Sales Tax Act, the City is authorized to use the net revenues derived from imposition of the Local Sales Tax to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued for the following projects: (i) the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex, including the demolition of the existing arena and the construction and equipping of a new arena; and (ii) capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods.

WHEREAS, under the terms of Subdivision 3 of the Local Sales Tax Act, the City is authorized to issue special revenue bonds to finance all or a portion of the cost for projects authorized in Subdivision 2 of the Local Sales Tax Act. Such bonds may be paid from or secured by any funds available to the City, including the Local Sales Tax, any revenues derived from the projects, and tax increments from the tax increment districts that include the projects. The bonds may be issued in one or more series and must be issued, sold, and secured in the manner provided in Minnesota Statutes, Chapter 475, as amended.

WHEREAS, on May 1, 2009, the City issued its Taxable Variable Rate Demand Sales Tax Revenue Refunding Bonds (RiverCentre Arena Project), Series 2009A (the "Series 2009A Bonds"), in the original aggregate principal amount of \$65,455,000, the proceeds of which were used to refund the City's outstanding Taxable

Sales Tax Revenue Bonds (RiverCentre Arena Project), Series 1999A (the "Series 1999A Bonds"). The proceeds of the Series 1999A Bonds were applied to the demolition of the St. Paul Civic Center complex and the construction and equipping of a new arena currently known as the Xcel Energy Center (the "Arena").

WHEREAS, the Series 2009A Bonds were issued under the terms of an Indenture of Trust, dated as of May 1, 2009 (the "Original Indenture"), between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and are currently outstanding in the aggregate principal amount of \$38,890,000.

WHEREAS, the payment of the principal of and interest on the Series 2009A Bonds were secured by a direct-pay Irrevocable Letter of Credit No. SLCMMSP05598, dated May 1, 2009 (the "Original Letter of Credit"), issued by U.S. Bank National Association, a national banking association (the "Original Bank"), in the stated amount of \$66,401,855.89, under the provisions of a Reimbursement Agreement, dated as of May 1, 2009 (the "Original Reimbursement Agreement"), by and between the City and the Original Bank.

WHEREAS, on May 23, 2014, the City terminated the Original Letter of Credit and in accordance with the applicable terms of the Original Indenture delivered to the Trustee an Irrevocable Transferable Direct-Pay Letter of Credit No. 1D0177506U, dated May 23, 2014 (the "Alternate Letter of Credit"), issued by Wells Fargo Bank, National Association, a national banking association (the "Alternate Bank"), in the stated amount of \$54,948,538, under the provisions of a Reimbursement Agreement, dated as of May 1, 2014 (the "Alternate Reimbursement Agreement"), between the City and the Alternate Bank.

WHEREAS, the City entered into two swap transactions (the "Swaps") with respect to the Series 2009A Bonds under the terms of: (i) an ISDA Master Agreement (1992 Local Currency - Single Jurisdiction), and the Schedule, Credit Support Annex, and Confirmation thereunder, dated November 13, 2007, in the notional amount of \$32,727,500, effective May 1, 2009, between the City and Piper Jaffray Financial Products Inc., and the Replacement Swap Undertaking among the Issuer, Piper Jaffray Financial Products Inc., and Morgan Stanley Capital Services Inc. dated November 13, 2007; and (ii) an ISDA Master Agreement (1992 Local Currency Single Jurisdiction), dated November 6, 2007, in the notional amount of \$32,727,500, effective May 1, 2009, between the City and Royal Bank of Canada.

WHEREAS, on October 11, 2007, under the terms of an Indenture of Trust, dated as of October 1, 2007 (the "Series 2007 Indenture"), between the City and the Trustee, the City issued its: (i) Subordinate Sales Tax Revenue Bonds, Series 2007A (the "Series 2007A Bonds"), in the original aggregate principal amount of \$10,580,000; and (ii) Taxable Subordinate Sales Tax Revenue Bonds, Series 2007B (the "Series 2007B Bonds"), in the original aggregate principal amount of \$16,700,000. The proceeds of the Series 2007A Bonds and the Series 2007B Bonds (collectively, the "Series 2007 Bonds") were applied to finance capital projects to further residential, cultural, commercial, and economic development in the City's downtown and its neighborhoods.

WHEREAS, on December 16, 2016, under the terms of an Indenture of Trust, dated as of December 1, 2016 (the "Series 2016 Indenture"), between the City and the Trustee, the City issued its: (i) Subordinate Sales Tax Revenue Refunding Bonds, Series 2016G (the "Series 2016G Bonds"), in the original aggregate principal amount of \$10,380,000; and (ii) Taxable Subordinate Sales Tax Revenue Refunding Bonds, Series 2016H (the "Series 2016H Bonds"), in the original aggregate principal amount of \$9,910,000. The proceeds of the Series 2016G Bonds and the Series 2016H Bonds (collectively, the "Series 2016 Bonds") were applied to the defeasance and redemption and prepayment of the Series 2007 Bonds.

WHEREAS, on December 9, 2014, under the terms of the Original Indenture, the City issued its: (i) Taxable Sales Tax Revenue Bonds, Series 2014F (the "Series 2014F Bonds"), in the original aggregate principal amount of \$8,070,000; and (ii) Tax-exempt Sales Tax Revenue Bonds, Series 2014G (the "Series 2014G Bonds"), in the original aggregate principal amount of \$28,195,000. The Series 2014F Bonds and Series 2014G Bonds (collectively, the "Series 2014 Bonds") were issued as additional, parity bonds under applicable terms of the Original Indenture. The proceeds of the Series 2014 Bonds were applied to finance

capital projects to further residential, cultural, commercial, and economic development in the City's downtown and its neighborhoods. The Series 2014F Bonds are not subject to optional redemption and the Series 2014G Bonds are not subject to optional redemption until November 1, 2024.

WHEREAS, on May 5, 2009, under the terms of an Indenture of Trust, dated as of May 1, 2009 (the "HRA Indenture"), between the Housing and Redevelopment Authority in and for the City of Saint Paul, Minnesota (the "HRA"), and U.S. Bank National Association, a national banking association, the HRA issued its Parking Facility Lease Revenue Bonds, Series 2009 (RiverCentre Parking Ramp Improvements) (the "HRA Bonds"), in the original aggregate principal amount of \$6,790,000. The proceeds of the HRA Bonds were applied to: (i) refund the Parking Facility Lease Revenue Bonds, Series 2000 (RiverCentre Parking Ramp Improvements) the proceeds of which were used to finance improvements (the "Prior Improvements") to the RiverCentre Parking Ramp located adjacent to the Arena (the "Parking Ramp"); and (ii) finance additional improvements (the "New Improvements") to the Parking Ramp. The Prior Improvements and the New Improvements (collectively, the "Improvements") are leased to the City under the terms of a Lease Agreement Regarding Acquisition, Construction, Installation and Lease of Improvements Designated as Personal Property, dated as of May 1, 2009 (the "Lease"), between the HRA and the City, and the City has been granted an option to purchase the Improvements under the terms of the Lease.

WHEREAS, the City is proposing to issue its sales tax revenue bonds in one or more series (the "Series 2019 Bonds") in an amount necessary to provide proceeds of approximately \$72,000,000 to: (i) defease, redeem, and prepay the Series 2009A Bonds; (ii) defease, redeem, and prepay the Series 2016 Bonds; (iii) purchase the Improvements under the terms of the Lease which will provide funds to the HRA to defease, redeem, and prepay the HRA Bonds; (iv) terminate the Swaps and pay any required swap termination payments; (v) fund a reserve fund to secure one or more series of the Series 2019 Bonds; and (vi) pay the costs of issuing the Series 2019 Bonds.

WHEREAS, the Series 2019 Bonds will be issued in accordance with the provisions of the Original Indenture as it may be amended and restated (the "Indenture"), the Charter of the City, the Local Sales Tax Act, and Minnesota Statutes, Chapter 475, as amended.

WHEREAS, the Series 2019 Bonds will not constitute general or moral obligations of the City but will be secured by and payable solely from the revenues pledged to the Series 2019 Bonds under the terms of the Indenture.

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

The Director, Office of Financial Services, the City Treasurer, and other appropriate officials and staff of the City are hereby authorized and directed to proceed with any and all actions as are deemed to be necessary or appropriate to provide for the issuance, sale, and delivery of the Series 2019 Bonds, the defeasance, redemption, and prepayment of the Series 2009A Bonds and the Series 2016 Bonds, and the purchase of the Improvements under the terms of the Lease (the purchase price to be applied by the HRA to the defeasance, redemption, and prepayment of the HRA Bonds), and to provide for the termination of the Swaps and the payment of required swap termination fees. Each series of the Series 2019 Bonds shall be issued as revenue bonds in accordance with applicable provisions of the Charter of the City, the Local Sales Tax Act, and Minnesota Statutes, Chapter 475, as amended, and may be issued as either tax-exempt or taxable obligations.

Springsted Incorporated ("Springsted") is hereby designated as municipal advisor to the City with respect to the Series 2019 Bonds. Piper Jaffray & Co. and Robert W. Baird & Company, Incorporated are hereby designated as the underwriters (the "Underwriters") with respect to the Series 2019 Bonds. Kennedy & Graven, Chartered is hereby designated as bond counsel to the City ("Bond Counsel") with respect to the Series 2019 Bonds. Blue Rose Capital Advisors is hereby designated as swap advisor to the City (the "Swap Advisor") with respect to the termination of the Swaps. City officials and staff, Springsted, the Underwriters,

Bond Counsel, and the Swap Advisor are hereby authorized and directed to take those actions deemed necessary or appropriate to provide for the offering, issuance, and sale of the Series 2019 Bonds, including the preparation of bond documents and offering documents, the termination of the Swaps, the application for ratings by one or more national rating agencies, and the pricing and closing on the Series 2019 Bonds.

The City expects to incur certain expenditures with respect to the Series 2019 Bonds and such expenditures may be financed temporarily from sources other than tax-exempt bonds or other obligations. The City expects to reimburse such expenditures from the proceeds of the Series 2019 Bonds. All reimbursed expenditures will be capital expenditures, costs of issuance with respect to the Series 2019 Bonds, or other expenditures eligible for reimbursement under Treasury Regulations, Section 1.150-2(d)(3). The City has determined to make this declaration of official intent in accordance with applicable provisions of Section 1.150-2 of the Treasury Regulations.