



Legislation Details (With Text)

File #: RES 19-2066 **Version:** 1

Type: Resolution **Status:** Archived

In control: Housing & Redevelopment Authority

Final action: 12/4/2019

Title: Resolution (i) approving an amendment to the HRA Budget, (ii) administratively amending the budget set forth in the TIF Plan for the Ford Site Redevelopment Tax Increment Financing District (#322), (iii) authorizing interfund loans, (iv) declaring official intent to reimburse expenditures from the proceeds of tax exempt bonds, and (v) authorizing execution of a redevelopment agreement and related documents (Ford Site Redevelopment Project), District 15, Ward 3.

Sponsors: Chris Tolbert, Dai Thao, Rebecca Noecker, Mitra Jalali, Amy Brendmoen, Kassim Busuri

Indexes:

Code sections:

Attachments: 1. Board Report, 2. First Amendment to TIF Plan, 3. Map of TIF District and Project Area, 4. Financial Analysis, 5. District 15 Profile, 6. Executive Summary of Redevelopment Agreement, 7. Redevelopment Agreement (w/o Exhibits), 8. Redevelopment Agreement Exhibits A through H, 9. Exhibit F of RA - Form of Site Perform. Agrmt., 10. Redevelopment Agreement Exhibits I through S, 11. Redevelopment Agreement Exhibits T through CC, 12. Redevelopment Agreement Exhibits DD through KK

Date	Ver.	Action By	Action	Result
12/4/2019	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution (i) approving an amendment to the HRA Budget, (ii) administratively amending the budget set forth in the TIF Plan for the Ford Site Redevelopment Tax Increment Financing District (#322), (iii) authorizing interfund loans, (iv) declaring official intent to reimburse expenditures from the proceeds of tax exempt bonds, and (v) authorizing execution of a redevelopment agreement and related documents (Ford Site Redevelopment Project), District 15, Ward 3.

WHEREAS, the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“HRA”) has heretofore established the Ford Site Redevelopment Project Area (the “Project Area”) and has adopted a redevelopment plan therefor (the “Redevelopment Plan”) pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended; and

WHEREAS, said Redevelopment Plan contains an identification of need and statement of objectives and program of the HRA for carrying out of a redevelopment project, including property to be acquired, public improvements to be provided, development and redevelopment to occur, and sources of revenue to pay redevelopment costs within the Project Area; and

WHEREAS, pursuant to and in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended by Laws of Minnesota 2017, 1st Spec. Sess. chapter 1, article 6, section 22 (the “Special Law”) and as further amended from time to time, as applicable (the “TIF Act”), which authorizes the HRA to finance certain eligible redevelopment costs of a redevelopment project with tax increment revenues derived from a tax increment financing district established in accordance with the TIF Act, the HRA established the “Ford Site Redevelopment Tax Increment Financing District” (County #322) on March 23, 2016 (as amended, the “Redevelopment TIF District”) pursuant to the Tax Increment Financing Plan for the Redevelopment TIF District, adopted by the City Council on March 16, 2016, and adopted by the HRA on March 23, 2016 (as

amended, "TIF Plan"); and

WHEREAS, it has been proposed that the HRA administratively amend the budget for the Redevelopment TIF District set forth in the TIF Plan to adjust expenditures in connection with redevelopment anticipated to occur within the Project Area and the construction of affordable housing within the City of Saint Paul, Minnesota (the "City"); and

WHEREAS, the HRA has investigated the facts and has caused to be prepared the First Amendment to Tax Increment Financing Plan for the Ford Site Redevelopment Tax Increment Financing District (#322) (the "TIF Plan Amendment"); and

WHEREAS, the TIF Plan Amendment does not increase the estimate of the cost of the project to be paid or financed with tax increments, the amount of bonded indebtedness, capitalized interest, or make any other changes described in Minnesota Statutes, Section 469.175, subd. 4, that would require a new public hearing; and

WHEREAS, the Redevelopment TIF District was established to facilitate the redevelopment of blighted, substandard and deteriorated or deteriorating areas into a mix of housing and commercial uses with related public infrastructure and public amenities and open spaces (collectively, the "Project") in accordance with the "Ford Site Zoning and Public Realm Master Plan" pursuant to City Council Resolution No. RES PH 17-261 and City Ordinance No. ORD 17-40, as amended by City Council Resolution No. RES PH 19-73 and City Ordinance No. ORD 19-19, and further amended by City Council Resolution No. RES PH 19-256 and City Ordinance No. ORD 19-54 (collectively, the "Master Plan"); and

WHEREAS, Project Paul, LLC, a Delaware limited liability company (the "Developer"), has requested the HRA and the City cause to be prepared a Redevelopment Agreement (the "Redevelopment Agreement") among the HRA, the City, the Developer and joined in with respect to certain property within the Redevelopment TIF District, by MN Ford Site Apartment Land LLC, a Delaware limited liability company ("Weidner") setting forth the terms and conditions under which the City and the HRA will provide certain public financial assistance to the Developer for a portion of the cost of the Project and stating the Developer's responsibilities for the development of the Project, a copy of which has been presented to the Board of Commissioners of the HRA and is attached hereto; and

WHEREAS, the Developer has represented that it could not proceed with the development of the Project and the Project would not be feasible within the reasonably foreseeable future without tax increment financing assistance and other public financial assistance proposed to be provided pursuant to the Redevelopment Agreement;

WHEREAS, the City anticipates issuing bonds to finance a portion of the cost of the Project; and

WHEREAS, the Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (the "Reimbursement Regulations") under the Internal Revenue Code of 1986, as amended (the "Code"), provide that proceeds of tax-exempt bonds used to reimburse prior capital expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the HRA has determined to make a declaration of its official intent (the "Declaration") to reimburse certain capital costs from the proceeds derived from the sale of tax-exempt bonds issued by the City, the HRA or another political subdivision in accordance with the Reimbursement Regulations; and

WHEREAS, the City Council of the City will, on the date hereof, consider a resolution approving an amendment to the City's 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 all consistent with the actions taken by the HRA herein;

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners (the "Board") of the HRA as follows:

Section 1. Approval of TIF Plan Amendment. The TIF Plan Amendment is hereby approved. The Executive Director and staff of the HRA and the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan Amendment and this resolution and for this purpose to negotiate, draft, prepare all further plans, resolutions, documents and contracts necessary to implement the TIF Plan Amendment and this resolution. The staff of the HRA is hereby directed to file a copy of the TIF Plan Amendment with the County Auditor of Ramsey County, the Office of the State Auditor and the Commissioner of Revenue.

Section 2. Approving an HRA Budget Amendment. The HRA hereby approves the HRA Budget amendment as detailed in the attached Financial Analysis.

Section 3. Amended and Restated Approval and Adoption of Policy on Interfund Loans and Advances. Pursuant to a resolution adopted by the HRA on March 23, 2016, the HRA has previously authorized interfund loans for the Redevelopment TIF District. The HRA hereby amends and restates its approval of a policy on interfund loans or advances ("Loans") for the Redevelopment TIF District, as follows:

3.01 Notwithstanding HRA Resolution No. RES 17-809, the authorized tax increment eligible costs (including without limitation documented administrative expenses in an amount up to \$10,100,000, interest in an amount up to \$184,200,000 and other project costs in an amount up to \$80,700,000) payable from the Redevelopment TIF District, as the TIF Plan is originally adopted or may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the Executive Director from time to time.

3.02 The Loans may be advanced if and as needed from available monies in any fund or account of the HRA designated by the Executive Director. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

3.03 Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans, together with any interfund loans or advances payable from the Redevelopment TIF District authorized by the City, may exceed \$275,000,000 outstanding at any time.

3.04 Any Loan shall mature not later than March 1, 2048 or such earlier date as the Executive Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, TIF bond proceeds or other eligible sources.

3.05 The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the Executive Director to specify a lower rate.

3.06 Such Loans within the above guidelines are pre-approved. The written terms and conditions of each Loan may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the HRA before the latest decertification of the Redevelopment TIF District and the Executive Director shall maintain all necessary or applicable data on the Loans.

Section 4. Reimbursement. The HRA may incur certain capital expenditures in connection with the Project.

4.01 The HRA reasonably expects to reimburse the expenditures made for certain costs of the

Project from the proceeds of tax-exempt bonds in a principal amount currently 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 Section 1.150-2(d)(3) of the Reimbursement Regulations.

4.02 This Declaration of its official intent has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of tax-exempt bonds, except for the following expenditures: (a) costs of issuance of tax-exempt bonds; (b) costs in an amount not in excess of the lesser of \$100,000 or 5% of the proceeds of the tax-exempt bonds; or (c) “preliminary expenditures” up to an amount not in excess of 20% of the aggregate issue price of the tax-exempt bonds that are reasonably expected by the HRA to finance the Project. The term “preliminary expenditures” includes architectural, engineering, surveying, soil testing, bond issuance and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project, excluding land acquisition, site preparation, and similar costs incident to commencement of construction.

4.03. 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.

4.04 This Declaration is an expression of the reasonable expectations of the HRA based on the facts and circumstances known to the HRA as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the tax-exempt bonds described in paragraph 4.01 are consistent with the City’s and the HRA’s budgetary and financial circumstances. No sources other than proceeds of tax-exempt bonds are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City’s or the HRA’s budget or financial policies to pay such expenditures for which bonds are issued.

4.05 The action is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Section 5. Approval and Execution of Development Documents.

5.01 Approval of Development Documents. The Board hereby approves the Redevelopment Agreement, in substantially the form presented to the Board and attached hereto, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications or consents referenced in or attached to the Redevelopment Agreement including without limitation the TIF Note as defined therein, one or more minimum assessment agreements with respect to the Project, a tax increment pledge agreement from the HRA to the City in connection with an interfund advance payable from the Redevelopment TIF District authorized by the City, and any subordinations or consents necessary in connection with the Developer’s financing, (collectively, the “Development Documents”).

5.02 Execution of Development Documents. The Chair or Commissioner and Executive Director of the HRA and the Director, Office of Financial Services of the City (the “Authorized Officers”) are hereby authorized in their discretion and at such time, if any, as they may deem appropriate, to execute, on behalf of the HRA, the Development Documents and to carry out, on behalf of the HRA, directly or through one or more appointed designees, the HRA’s obligations thereunder when all conditions precedent thereto have been satisfied. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Saint Paul City Attorney to the HRA, the appropriate HRA staff person(s) or by the Authorized Officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said Authorized Officers or staff members are hereby authorized to approve said changes on behalf of the HRA. The execution of any

instrument by the Authorized Officers shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This Resolution shall not constitute an offer and the Development Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of any of the Authorized Officers, any of the Development Documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney to the HRA, may act in their behalf.

5.03 Future Amendments and Consents. The authority to approve, execute and deliver future amendments to the Development Documents entered into by the HRA and consents needed under the Development Documents is hereby delegated to the Authorized Officers, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the HRA; (b) such amendments or consents do not contravene or violate any policy of the HRA, and (c) such amendments or consents are acceptable in form and substance to the counsel retained by the HRA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates, consents and related items as may be required to demonstrate compliance with the agreements being amended or consented to and with the terms of this Resolution. The execution of any instrument by the Authorized Officers shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of any of the Authorized Officers, any instrument authorized by this paragraph to be executed may be executed and delivered by any duly designated acting official, or by such other officer or officers of the HRA or the City Council as, in the opinion of the Saint Paul City Attorney to the HRA, may act in their behalf.