



Legislation Details (With Text)

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Type:	Resolution-Public Hearing	Status:	Passed
		In control:	City Council
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Title:	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) (v).		
Sponsors:	Chris Tolbert, Dai Thao, Rebecca Noecker, Mitra Jalali, Kassim Busuri, Amy Brendmoen		
Indexes:			
Code sections:			
Attachments:	1. 01 CC Budget Amendment RES PH 19-388 Financial Analysis, 2. 02 Sources and Uses, 3. 03 Executive Summary of Redevelopment Agreement (Ryan - Ford Site), 4. 04 Redevelopment Agreement (without exhibits) (Ryan - Ford Site), 5. 05 Exhibits A through H (Ryan - Ford Site), 6. 06 Exhibit F - Form of Site Improvement Performance Agreement (Ryan - Ford Site), 7. 07 Exhibits I through S (Ryan - Ford Site), 8. 08 Exhibits T through CC (Ryan - Ford Site), 9. 09 Exhibits DD through KK (Ryan - Ford Site), 10. StPaulCityCouncil_HighlandBall, 11. Building and Trades Letter of Support for the Ford Site Project Labor Agreement, 12. PPL-CBC Letter of Support to City Council 12.02.19, 13. SPACC Ford_Site_Comments_City_Council FINAL, 14. St. Paul Regional Labor Fed letter re Ford, 15. Public Comment re Ford Redevelopment		

Date	Ver.	Action By	Action	Result
12/9/2019	1	Mayor's Office	Signed	
12/4/2019	1	City Council	Adopted	Pass

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) (v).

WHEREAS, the City Council of the City of Saint Paul, Minnesota (the "Council") has the statutory responsibility under Minnesota Statutes, Section 469.028, to approve redevelopment plans and projects of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"); and

WHEREAS, the 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, 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 (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, the 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 that the City and the HRA 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 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 Council 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; and

WHEREAS, the Council, under Council File No. 09-584, adopted a policy on the use of Project Labor Agreements (“PLA”) for projects involving \$250,000 or more of City money; and

WHEREAS, the Project involves more than \$250,000 of City money; and

WHEREAS, staff recommend use of PLAs for the various elements of the Project due to the size, cost, and duration of the Project, together with the substantial impact any delays or disruptions will have both on the Project and the citizens of the City; and

WHEREAS, timely notice of the City’s intent to utilize a PLA on the Project was given to interested parties; and

WHEREAS, the Council, having evaluated the Project pursuant to the criteria articulated in Council File No. 09-584, finds that utilizing PLAs for the various elements of the Project will advance the City’s interests in promoting timely, cost-effective, and quality construction with minimal delays and disruptions; and

WHEREAS, the Mayor of the City, pursuant to Section 10.07.1 of the Charter of the City of Saint Paul, does certify that there are available for appropriation, funds of \$44,136,223 in excess of those estimated in the budget; and

WHEREAS, the City anticipates issuing bonds as described in the attached Financial Analysis to finance portions of the budget; 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 City 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 or another political subdivision in accordance with the Reimbursement Regulations; and

WHEREAS, the HRA Board of Commissioners will, on the date hereof, consider a resolution approving an amendment to the HRA Budget, amending the budget set forth in the TIF Plan for the Redevelopment TIF District, authorizing interfund loans, and authorizing execution of the Redevelopment Agreement and related documents all consistent with the actions taken by the Council herein; and

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

Section 1. Approval of Capital Improvement Budget. Upon recommendation of the Mayor and after the presentation of the funding request to the Long Range Capital Improvement Budget Committee for review, it is hereby determined that \$44,136,223 is available for appropriation in the Capital Improvement Budget, and said budget, as heretofore adopted and amended by the Council, is hereby further amended in the particulars as specified in the attached Financial Analysis.

Section 2. Actions Related to Bonds. The Director, Office of Financial Services, the City Treasurer, and other appropriate City officials and staff are hereby authorized and directed to proceed with preliminary actions for the issuance and sale of the bonds as described in the Financial Analysis attached hereto and made a part hereof, in the approximate principal amounts set forth therein, including without limitation temporary bonds which may be refinanced from time to time. Each series of the obligations shall be issued and sold in conformance with the provisions of the City Charter and Minnesota law. The Director, Office of Financial Services and the City Treasurer are hereby authorized, when advantageous and in consultation with the City's municipal advisors, to take the necessary steps to optionally redeem any bonds for which there are debt service savings or in connection with refinancing temporary bonds.

Section 3. Project Labor Agreements (PLAs). It is hereby determined that PLAs for the various elements of the Project meeting the requirements articulated in Council File No. 09-584 are authorized and necessary for the successful construction of the Project.

Section 4. Approval and Adoption of Policy on Interfund Loans and Advances. The Council hereby approves a policy on interfund loans or advances ("Loans") for the TIF District, as follows:

4.01 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 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 Director, Office of Financial Services of the City from time to time.

4.02 The Loans may be advanced if and as needed from available monies in any fund or account of the City as may be determined by the Mayor, upon the recommendation of the Director, Office of Financial Services of the City in accordance with Section 10.07.4 of the Charter of the City. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

4.03 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 HRA, may exceed \$275,000,000 outstanding at any time.

4.04 Any Loan shall mature not later than March 1, 2048 or such earlier date as the Director,

Office of Financial Services of the City 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.

4.05 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 Director, Office of Financial Services of the City to specify a lower rate.

4.06 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 City before the latest decertification of the TIF District and the Director, Office of Financial Services of the City shall maintain all necessary or applicable data on the Loans.

Section 5. Reimbursement. The City may incur certain capital expenditures in connection with the Project.

5.01 The City 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.

5.02 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 City 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.

5.03 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.

5.04 This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City 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 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 budget or financial policies to pay such expenditures for which bonds are issued.

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

Section 6. Approval and Execution of Development Documents.

6.01 Approval of Development Documents. The City Council hereby approves the Redevelopment Agreement, in substantially the form presented to the Council 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 authorized under Section 4 hereof, and any subordinations or consents necessary in connection with the Developer's financing, (collectively, the "Development Documents").

6.02 Execution of Development Documents. The Mayor and Director, Office of Financial Services (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 City, the Development Documents, and to carry out, on behalf of the City, directly or through one or more appointed designees, the City'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, the appropriate City 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 City. 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 either Authorized Officer, any of the Development Documents authorized by this Resolution to be executed may be executed without further act or authorization of the City Council by any duly designated acting official, or by such other officer or officers of the City Council as, in the opinion of the Saint Paul City Attorney, may act in their behalf.

6.03 Future Amendments and Consents. The authority to approve, execute and deliver future amendments to the Development Documents entered into by the City 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 City; (b) such amendments or consents do not contravene or violate any policy of the City, and (c) such amendments or consents are acceptable in form and substance to the counsel retained by the City 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 either 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 City Council as, in the opinion of the Saint Paul City Attorney, may act in their behalf.