



Legislation Text

File #: Min 12-40, **Version:** 1

Approval of the November 14, 2012 HRA meeting minutes.

ROLL CALL

Present: Commissioners Bostrom, Brendmoen, Carter, Lantry, Stark, Thune, Tolbert

CONSENT

1. Approval of the October 24, 2012 HRA meeting minutes.

Commissioner Bostrom moved approval.

VOTE: Yeas - 7 Nays - 0

2. Resolution Approving the Subordination and Modification of an HRA Loan in the Original Amount of \$750,000 and Authorizing the Execution of Documents in Connection with the Gateway Village Project (aka River Crossing Project), District 15, Ward 3

Commissioner Bostrom moved approval. Approved as set forth in resolution RES 12-2077

VOTE: Yeas - 7 Nays - 0

PUBLIC HEARING

3. Resolution Approving the Sale of Land and Conveyance of Parcel 752 Bradley Street under the ISP/NSP Program, Payne-Phalen, District 5, Ward 5.

Ms. Cecile Bedor, Executive Director of the HRA stated that the HRA purchased 752 Bradley Street in May 2006 for \$34,155 with NSP funds. This two story, 1,240 sq/ft, 3 BD/2 BA home was built in 1909. The property is being sold to Richard Bean based on the after-rehab appraisal and in consideration of NSP costs for \$134,500, with a deed requiring owner-occupancy. Total gap on this home is \$98,659; program income is estimated to be 110,000.

Chair Thune announced the public hearing. There being no testimony Commissioner Brendmoen moved to close the public hearing and adopt the resolution. Approved as set forth in resolution RES PH 12-329

VOTE: Yeas - 7 Nays - 0

4. Authorization to (1) Acquire East Three feet of the City Owned Holly Tot Lot at 519 Holly Avenue; (2) Release of Deed Restriction for Parkland Use for the Three Feet Acquired; and (3) Convey Said Three Foot Parcel to Eugene W. Courtney and Barbara A. Courtney, Summit University, District 8, Ward 1.

Ms. Bedor stated that the HRA serves as the Agent for the City of Saint Paul to convey properties. On November 7, 2012 the City Council approved this conveyance. The HRA will now accept the conveyance, release the three feet from parkland restriction, and pass the title on to the property

owners. Essentially this action acknowledges what the historic use has been on the property.

Chair Thune announced the public hearing. There being no testimony Commissioner Carter moved to close the public hearing and adopt the resolution. Approved as set forth in resolution RES PH 12-331

VOTE: Yeas - 7 Nays - 0

DISCUSSION

5. Authorizing the Issuance of Tax Increment Revenue Refunding Bonds (Upper Landing Project), Series 2012, under Minnesota Statutes, Sections 469.001 - 469.047, as Amended, and Minnesota Statutes, Section 469.174 - 469.1799, as Amended, and Approving Related Documents, District 9, Ward 2.

Ms. Bedor stated that in 2001 the Board created the Riverfront Renaissance TIF district which includes Upper Landing, West Side Flats, U.S. Bank, and Drake Marble projects. The HRA executed a Development Agreement with Centex Multi-Family Communities, L.P., now known as Pulte, for the construction of the Upper Landing units and 23,000 feet of commercial and office space.

Ms. Bedor also stated that in October 2002 the HRA issued approximately \$19 million in tax increment revenue bonds to reimburse Centex for TIF-eligible expenses. In 2008, the City purchased a subordinate TIF Note issued by the HRA in the amount of \$2,019,087; the HRA utilized the proceeds to pay-off the City internal loan.

Ms. Bedor continued to state the subordinate TIF Note matures on March 1, 2020, and with current low interest rates, staff is seeking to take advantage of the low rates, and simplify the financial structure.

PED staff has worked closely with the Saint Paul Office of Financial Services, particularly Mr. Todd Hurley and Mr. Jonathan North, and are recommending issuance of TIF Revenue Refunding Bonds not to exceed \$18,000,000 with an interest rate not to exceed 5.7%. The Series 2012 Bonds will mature in 2029 to coincide with the final TIF collection year of 2028.

Ms. Bedor explained that there will be a pricing committee established to include the HRA Executive Director and the Director, Office of Financial Services, or their designees, and Kathy Aho, Financial Advisor from Springsted, Inc. The Pricing Committee will make determinations as to the final principal amount of the bonds, the interest rates, maturity dates, etc. The PED Credit Committee reviewed the request and approved the structure and terms of the Tax Increment Revenue Bonds.

Ms. Bedor also stated that Mr. Bruce Sorensen, Piper Jaffray; John Utley, Kennedy and Graven as Bond Counsel; and Kathy Aho were available to answer questions.

Commissioner Lantry asked a series of questions including the amount of savings, in what account those savings would be deposited, and if those savings were included in PED's 2013 budget. Ms. Bedor stated that staff had not included any additional savings from this refinancing in the 2013 budget because staff was working on this project during the time of budget preparation; more so, the HRA Board hadn't approved this transaction. Regarding the amount of the savings, restrictions on funds, and which account will be credited, Ms. Bedor stated that the answer is somewhat complicated, and that staff would prepare a response.

Commissioner Lantry moved approval. Approved as set forth in resolution RES 12-2074

VOTE: Yeas - 7 Nays - 0

6. Resolution Approving and Authorizing (1) Obligation of \$120,000 of NSP funds to Habitat for Humanity and (2) Obligation of \$120,000 of NSP funds to Sherman Associates, Inc., District 5, Ward 6.

Ms. Bedor stated that in 2004 the HRA Board executed a Master Development Agreement with Sherman Associates, Inc. for development at the corner of Payne Avenue and Phalen Boulevard. The first phase of this project was Phalen Senior Lofts, which was successfully completed. The second phase of the project was Whitall Twinhomes. This project began construction in 2005 and two units were sold in one double bungalow were completed and sold; two additional units in one double bungalow were started; the interior build out was finished on one unit, but not the other. Neither has sold due to the downturn in the for sale market. MHFA is a lender on this project, and staff has been working with them and Sherman Associates to get this project completed. Habitat for Humanity has been brought in as another developer partner, and has agreed to develop some of the remaining units. Sherman and Habitat will each build one double bungalow (2 units); so, the interior of the one unit will be completed, and a total of four additional units will be completed.

Ms. Bedor explained that both Sherman Associates and Habitat for Humanity are seeking \$60,000 per unit in subsidy to complete these for sale units. The site is located within the NSP 3 MHFA and NSP 3 HUD target areas, where the HRA has been concentrating neighborhood stabilization investments. Utilizing NSP 3 funds here will also help us meet our obligation to serve families with incomes at or below 50% of area median income.

Staff is seeking approval of \$240,000. Ms. Bedor added that this funding will not complete the entire site, and that staff will continue to work with Sherman Associates and Habitat for Humanity on the future of the balance of the site.

Commissioner Tolbert asked if all the other units were full. Ms. Bedor explained that there are a total of 10 units on Whitall Street, and that after the completion of these units there will be 6 units left to sell.

Commissioner Lantry asked how long the completed units have been on the market. Ms. Bedor stated that they have been available for sale since before June 2011; the neighborhood feels strongly that these be for-sale, owner-occupied units.

Commissioner Lantry stated that it might not be a good time to add more units when there are units there that have not been sold.

Ms. Bedor explained that this project is in jeopardy of losing MN Housing funding if these units are not complete. Ms. Bedor also noted that the vacant land is unattractive and needs to be addressed, adding that the housing market is showing signs of improvement and home sale are going up. She also noted that buyers will be eligible for the City's down payment assistance program.

Commissioner Brendmoen stated that the two available units might not be selling due to the fact that the two joining units are not yet complete. Commissioner Brendmoen also added that this project borders her Ward, and that it is an unattractive site. Commissioner Brendmoen is glad that something will be done with this site, and stated that the landscaping of the undeveloped land should be better maintained.

Commissioner Bostrom stated that this project has been a struggle for a long time, and that he is glad to see Habitat stepping up. It's going to be a nice project; the senior building across the street is doing really well, along with the new café, and hardware store on the corner. A lot of things are starting to happen in this area, and this project will add to that energy, and hopefully expand all the way to Edgerton Street.

Commissioner Bostrom moved approval. Approved as set forth in resolution RES 12-2083
VOTE: Yeas - 7 Nays - 0

ADJOURNMENT

Commissioner Tolbert moved adjournment. The HRA meeting was adjourned.