



Legislation Text

File #: RES 13-2032, **Version:** 1

Authorizing the City of Saint Paul to enter into an Investment Agreement and Security Agreement with the Friends of the Saint Paul Public Libraries and authorizing an Internal Loan for the Highland and Sun Ray Library Renovation project.

WHEREAS, the City of Saint Paul, ("The City") owns and operates the Highland Park and Sun Ray Library ("Libraries"); and

WHEREAS, identified renovations to the Libraries are budgeted at \$13,475,000; and

WHEREAS, the City's Adopted 2012 and 2013 Capital Improvement Budgets include \$7,000,000 in Library bonds to help finance renovation projects at the Highland Park and Sun Ray libraries; and

WHEREAS, the planned bond sale of Library Bonds is not until the Spring of 2014; and

WHEREAS, the Friends of the Saint Paul Public Library, ("The Friends") are currently conducting a capital campaign to fundraise for the library renovation to supplement the City's bond funding; and

WHEREAS, the Friends have pledged a total of \$6,475,000 from capital campaign fundraising to the project; and

WHEREAS, the Friends have received over \$3,800,000 in cash contributions to date ("Current Contribution"); and

WHEREAS, libraries have begun to incur project expenses as a result of contracting with an architect to create plans for the renovations; and

WHEREAS, a portion of the private donations generated by The Friends campaign will pay for those costs; and

WHEREAS, the Friends wish to make their Current Contribution available to the City to assist with expenses incurred before the 2014 Bond Sale; and

WHEREAS, the City and Friends have agreed to accept and deposit The Friends Current Contribution into the City's investment pool, hold the Current Contribution in a segregated account and to apply any and all interest generated from The Friends segregated account towards The Friends total pledged amount of \$6,475,000 as stated in the Investment Agreement (Attachment I) which is in substantially final form; and

WHEREAS, the remaining balance of the Friends contribution of \$2,675,000 will not be available for the project in 2014; and

WHEREAS, there are available funds in F 070, ("the City Internal Loan Fund"), to make an advance in 2014 to this capital project; and

WHEREAS, the advance, until repaid, will bear interest at the monthly City treasury portfolio investment rate, ("Pool Rate"), which is variable and reset monthly by the City and will be paid as part of the project cost; and

WHEREAS, the advance will be secured and repaid from the remaining portion of the Friends contribution, of which approximately \$1,420,000 has been pledged and approximately \$1,255,000 of funds remain to be raised, as outlined in the Security Agreement, (Attachment II) which is in substantially final form; and

WHEREAS, the Internal Loan has been documented in the Record of Internal Loan (Attachment III), which is in substantially final form, and will be repaid within 5 years of the initial City advance as shown in the illustrative example of the Exhibit.

BE IT RESOLVED, that as authorized by the Friends Resolution(s) dated December 11, 2013, (Attachment IV) The Friends, will transfer their Current Contribution of up to \$3,800,000 to the City and;

FURTHER RESOLVED, the Current Contribution will be credited against their pledged goal of \$6,475,000, deposited into the City's investment pool, held in a segregated account and any interest earned will be credited against the Friends total pledged amount in accordance with the Investment Agreement; and

FURTHER RESOLVED, that the Mayor and Director, Office of Financial Services are authorized to execute and deliver all documents necessary to accept the Friends current contribution and cash flow the remaining

portion of the contribution, including the Investment agreement, relating to the investment of the Current contribution and Security agreement, securing the City's internal loan with currently pledged and future donations to the Friends Capital Campaign; and

FURTHER RESOLVED, that the Council of the City of Saint Paul hereby approves the attached Record of Internal Loan, and authorizes the Director, Office of Financial Services and the Director, Saint Paul Public Library to execute the agreement.