



Legislation Text

File #: RES PH 15-360, **Version:** 1

Approving and authorizing conveyance of Palace Theatre to the Housing and Redevelopment Authority of the City of Saint Paul (HRA), execution of a reimbursement and loan agreement with the HRA, assignment of existing contracts to the HRA, approval of sprinkler assessment, and approval of budget amendment and related actions. (District 17, Ward 2)

WHEREAS, the City of Saint Paul (“City”) City Council on December 17, 2014 passed Resolution No. PH 14-343 (“2014 City Resolution”) that approved \$8,000,000.00 for renovations to the Palace Theatre in downtown Saint Paul (“Project”); and this amount was reduced to \$7,960,000.00 by Administrative Order Number AO 15-76; and

WHEREAS, pursuant to 2014 Minnesota Laws Chapter 294, Article 1, Section 21, Subdivision 18, the City was awarded a grant from the State of Minnesota in the sum of \$5,000,000.00 (“State Grant”) to pay for Project costs (“2014 Laws”); and

WHEREAS, subsequent to the passage of the 2014 Resolution and 2014 Laws, City staff has been engaged in many actions to move the Project forward and those actions have included the following: (a) discussions with the State of Minnesota regarding the State Grant and grant agreement; (b) discussions and negotiations with the proposed operator regarding development and use agreements; (c) closing on the acquisition of the real property upon which the Palace Theatre is located that is legally described as Tract A, Registered Land Survey No. 621 (“Real Property”); (d) execution of contracts relating to the planning, design, abatement and renovation of the Project (“Contracts”), supervision of work being performed under those Contracts, and payment of invoices for such work; (e) obtaining additional funds of up to \$1.7 million to complete the Project; (f) discussions and negotiations with Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“HRA”) regarding a change in the ownership of the Project from the City to the HRA, with the HRA to receive a City loan of up to \$9,360,000.00 to pay Project costs (“City Loan”), and (g) the execution of a reimbursement and loan agreement between the City and HRA (“Loan Agreement”) to evidence the City Loan; and

WHEREAS, the State Grant has been transferred from the City to the HRA and that was accomplished by 2015 First Special Session Laws Chapter 5, Article 3, Section 22 (“2015 Laws”); and

WHEREAS, based on the above described actions and activities, City staff recommends that the City Council approve of the following actions: (a) the Real Property and Contracts be transferred and assigned to the HRA so that the HRA will own the Palace Theatre and will complete the Project; and (b) that up to \$9,360,000.00 of funds from the 8-80 Vitality Fund be loaned to the HRA to be used to pay for Project costs; and

WHEREAS, the HRA Board of Commissioners approved at its December 9, 2015 meeting to authorize the transfer of \$1,250,000.00 of HRA funds to the Jackson St improvement project so as to make available from the 8-80 Vitality Fund an additional \$1,400,000.00 of funds for the Project (consisting of this \$1,250,000.00 plus interest earnings of \$150,000.00 on the previously approved \$8 million for this Project) conditioned on approval by the City Council of the City actions described in this Resolution; and

WHEREAS, the HRA Board of Commissioners further conditionally approved at its December 9, 2015 meeting to accept conveyance of the Real Property, accept the assignment of the Contracts, approve

the Loan Agreement, and take such other actions as are needed to complete the Project; and

WHEREAS, the Mayor 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 up to \$1,400,000.00, as identified in the attached budget amendment, in excess of those estimated in the 2015 budget and recommends such changes to the 2015 budget in the form attached to this resolution be approved; and

WHEREAS, the Mayor pursuant to Section 10.07.4 of the Charter of the City of Saint Paul, does certify that the transfer of unencumbered appropriations as set forth in the attached budget amendment is appropriate; and

WHEREAS, the Project includes the installation of a fire protection system and initial estimates provide that the costs for such system range in the \$300,000 range, and that the HRA Board of Commissioners conditionally approved at its December 9, 2015 meeting to authorize funding to pay up to \$300,000 for these costs in advance of receiving reimbursement from the City's fire protection fund; and

WHEREAS, the City Council has received a petition from the City ("Petition") for specially assessing the costs of a fire protection system for the Palace Theatre building located at 17 Seventh Place West, Saint Paul, Minnesota ("Fire Protection Improvements"); and

WHEREAS, the Petition meets the requirements of Chapter 429 of Minnesota Statutes and city policy regarding the assessment of costs for fire protection systems; and

WHEREAS, the Council has fully considered and reviewed the Petition and policy; and

WHEREAS, after a public hearing the City Council determines there is a public purpose to take all the actions described and approved in this Resolution;

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

1. The City Council hereby approves the transfer and conveyance of the Real Property to the HRA, and authorizes and directs the proper City officials to convey via quitclaim deed the Real Property to the HRA in accordance with Chapter 51 of the Administrative Code.
2. The City Council does hereby authorize that the Fire Protection Improvements be made, and the City and HRA are authorized to proceed with the Fire Protection Improvements.
3. That upon completion of the Fire Protection Improvements, the proper city officials shall calculate or verify all expenses incurred therein and shall report the same to the Council in accordance with Chapter 429 of the Minnesota Statutes and the fire protection system policy, and that subsequent City Council action will consider authorizing that the HRA be reimbursed for such qualified expenses up to \$300,000.
4. The City Council hereby approves the execution of the Loan Agreement, and authorizes and directs the proper City officials to execute the same.
5. The City Council hereby approves the transfer and assignment of the Contracts to the HRA and authorizes and directs the proper City officials to execute the assignment of such Contracts.
6. The City Council approves the budget amendment in the form attached hereto as Attachment A.

7. The City staff and legal counsel are directed and authorized to take all other actions necessary to implement this Resolution and the proper City officials are authorized and directed to execute any documents and instruments in connection therewith.

The Saint Paul Long-Range Capital Improvement Budget Committee received this request on December 14, 2015 and recommended approval.