



Legislation Text

File #: RES 17-1969, **Version:** 1

Approving a bond allocation transfer agreement and related documents, and authorizing carryforward of certain unused private activity bond volume cap, citywide.

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the "Act"); and

WHEREAS, the City of Saint Paul is a home rule charter city ("City"); and

WHEREAS, the pending federal tax reform legislation has created uncertainty as to whether the City and the HRA may issue tax-exempt private activity bonds after December 31, 2017; and

WHEREAS, such uncertainty has caused developers and other borrowers of tax-exempt private activity bond proceeds to request that the HRA accelerate the closing of several such bond issues on or before December 31, 2017; and

WHEREAS, the current requests of the HRA to issue its tax-exempt private activity bonds on or before December 31, 2017 are more than the City's 2017 entitlement allocation of private activity bond volume cap; and

WHEREAS, to address the shortage of private activity volume cap, the City and the HRA propose to enter into a Bond Allocation Transfer Agreement ("Transfer Agreement") with the City of Minneapolis ("Minneapolis"), whereby Minneapolis would transfer to the City and the HRA \$18,098,203 of Minneapolis' 2017 entitlement allocation of private activity bond volume cap (the "Transferred Volume Cap"); and

WHEREAS, at such time as Minneapolis and the City are advised by bond counsel that tax-exempt private activity bonds may be issued on and after January 1, 2018, the City and the HRA will transfer to Minneapolis \$18,098,203 of the City's 2018 entitlement allocation of private activity bond volume cap, provided that the City receives a 2018 entitlement allocation of at least such amount; and

WHEREAS, the HRA Board of Commissioners has been asked to approve the Transfer Agreement at its December 13, 2017 meeting; and

WHEREAS, the City may, under § 146(f) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and under Minnesota Statutes, Chapter 474A, "carryforward" all or a portion of the City's unused 2017 entitlement allocation, including the Transferred Volume Cap, and it is in the best interest of public health, safety and welfare that the City carryforward for qualified carryforward purposes any unused Transferred Volume Cap as of December 31, 2017; and

WHEREAS, by this resolution the City finds a public purpose for the actions taken by the City Council in this Resolution.

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

1. The Council hereby approves and authorizes the execution of the Transfer Agreement by the Mayor, PED Director and Director, Office of Financial Services of the City, in the form substantially

submitted by staff together with any non-significant changes approved by the PED Director and City Attorney Office.

2. The Council hereby elects to carryforward any unused Transferred Volume Cap as of December 31, 2017 for the purpose of issuing qualified residential rental bonds. This Resolution is not intended to be a binding commitment of the City to issue any particular series of bonds in connection with any particular residential rental project.
3. The Director of the Department of Planning and Economic Development of the City is hereby authorized and directed to execute and cause to be filed with the Internal Revenue Service (the "IRS") a Form 8328 specifying the amount of the Transferred Volume Cap to be carried forward as described above. The Form 8328 shall be filed with the IRS on or before February 15, 2018. The Director is further authorized to notify the Minnesota Department of Management and Budget of such carryforward at such time and as required by Minnesota Statutes, Chapter 474A.
4. The PED Director, staff and legal counsel for the City are further directed and authorized to take all actions necessary to implement this Resolution. The PED's Director is authorized to execute any other documents and instruments in connection with this Resolution.