



Legislation Text

File #: RES 23-1949, **Version:** 1

Resolution approving and authorizing (i) the establishment of the Snelling Midway Redevelopment Tax Increment Financing District (a Redevelopment district) in the Saint Paul Neighborhood Redevelopment Project Area, (ii) a Tax Increment Financing Plan therefor, (iii) the decertification of the Snelling Midway Renewal and Renovation TIF District, No. 344, (iv) an HRA budget amendment, and (v) the execution of a tax increment Development Agreement and related documents, consistent with the Term Sheet, including the issuance of a TIF Note and tax increment financing spending plan authority, District 13, Ward 1 WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") has heretofore established the Saint Paul Neighborhood Redevelopment Project Area (as expanded, the "Project Area") and has adopted a redevelopment plan therefor (as recently amended, the "Redevelopment Plan") pursuant to Minnesota Statutes sections 469.001 to 469.047, as amended (the "HRA Act"); and

WHEREAS, the Redevelopment Plan contains an identification of need and a statement of purpose and objectives, land uses and standards for development for carrying out a redevelopment project, including property to be acquired, public improvements to be provided, development and redevelopment to occur, and sources of revenue to pay redevelopment costs within the Project Area; and

WHEREAS, it has been proposed that the HRA establish, within the Project Area, the Snelling Midway Redevelopment Tax Increment Financing District, as a redevelopment tax increment financing district under Minnesota Statutes section 469.174, subdivision 10 (the "TIF District"), and adopt a Tax Increment Financing Plan therefor (the "TIF Plan"), all pursuant to Minnesota Statutes sections 469.174 to 469.1794 (the "TIF Act"); and

WHEREAS, the TIF District is being established to facilitate the redevelopment of the area in Saint Paul, Minnesota bordered by Snelling Avenue on the West, University Avenue on the North, Pascal Street North on the East, and St. Anthony Avenue on the South into a mix of residential rental, office, retail, hotel and structured parking uses with related public infrastructure (collectively, the "Development") based on the adopted Snelling Midway Redevelopment Site Master Plan dated April 18, 2016, as revised May 24, 2016 (the "Master Plan"); and

WHEREAS, the HRA has investigated the facts and has caused the TIF Plan to be prepared for the TIF District; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the creation of the TIF District and adoption of the TIF Plan therefor, including, but not limited to, notification of the Ramsey County Commissioner representing the area of Ramsey County in which the TIF District is located and transmitting a copy of the TIF Plan to Ramsey County and Independent School District Number 625, which have taxing jurisdiction over the property to be included in the TIF District; and

WHEREAS, thirteen of the fifteen parcels in the TIF District were included in the Snelling Midway Renewal and Renovation TIF District, No. 344 (the "Prior TIF District"); and

WHEREAS, in order to establish the TIF District, the HRA has determined to decertify the Prior TIF District; and

WHEREAS, the City Council (the "City Council") of the City of Saint Paul, Minnesota (the "City") held a public

hearing on August 25, 2021, considered the findings required by the TIF Act and the HRA Act, and adopted RES PH 21-218 approving the (a) adoption of the TIF Plan and (b) establishment of the TIF District; and

WHEREAS, Minnesota Statutes section 469.176, subdivision 4n (“Subd. 4n”) authorizes the HRA to spend available tax increment from any existing tax increment financing district (“Available TIF”), notwithstanding any other law to the contrary, to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of construction or substantial rehabilitation of buildings and ancillary facilities, if the following conditions exist:

- (1) Such assistance will create or retain jobs in the State of Minnesota (the “State”), including construction jobs;
- (2) Construction commences before December 31, 2025;
- (3) The construction would not have commenced before December 31, 2025 without the assistance;
- (4) Available TIF under the spending plan is spent by December 31, 2025; and
- (5) The City Council approves a written spending plan (after a duly noticed public hearing) that specifically authorizes the HRA to take such actions; and

WHEREAS, the HRA and the City Council have heretofore adopted a spending plan on June 22, 2022 and adopted a Supplement to the Spending Plan on February 23, 2023 (collectively the “Spending Plan”) pursuant to Subd. 4n, which authorizes the use of Available TIF to provide improvements, loans or assistance for private development that satisfies the criteria listed above and as further described in the Spending Plan (“Qualified Projects” or singularly, a “Qualified Project”); and

WHEREAS, the Spending Plan expressly authorizes Available TIF assistance to a Qualified Project that advances private development of underutilized, privately owned redevelopment sites within the City consisting of construction of buildings and ancillary facilities, such as the Development; and

WHEREAS, Snelling Midway Redevelopment, LLC, or an affiliate (the “Developer”) has requested that the HRA cause to be prepared a Development Agreement (the “Development Agreement”), consistent with the approved Term Sheet dated December 8, 2023, between the HRA and the Developer (the “Term Sheet”) setting forth the terms and conditions under which the HRA will provide tax increment financing assistance and Available TIF assistance to the Developer; a copy of the approved Term Sheet is on file with the Executive Director of the HRA.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “Board”) as follows:

Section 1. Findings for the Creation of TIF District and Adoption of TIF Plan therefor.

1.01 The Board hereby finds that the creation of the TIF District and the adoption of the TIF Plan therefor are intended and, in the judgment of the Board, the effect will be, to carry out the objectives of the Redevelopment Plan by redeveloping the commercial properties with higher density development in Saint Paul and to otherwise promote certain public purposes and accomplish certain objectives as specified in the Redevelopment Plan and the TIF Plan.

1.02 The Board hereby finds that the TIF District qualifies as a “redevelopment district” within the meaning of the TIF Act for the following reasons:

The TIF District is, pursuant to Minnesota Statutes section 469.174, subdivision 10, a “redevelopment district”. The reasons and supporting facts for these determinations are set forth in that certain Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment

Financing District as a Redevelopment District Snelling Midway Redevelopment TIF District St. Paul, Minnesota, dated November 13, 2020, prepared by LHB, Inc. (the “Redevelopment Assessment Report”), copies of which are on file with the Executive Director of the HRA. These findings are based in part upon on-site examination and written reports substantiating the structurally substandard nature of the buildings.

The TIF District currently contains 15 parcels. Fourteen of the parcels are occupied since they meet the requirements of Minnesota Statutes section 469.174, subdivision 10(e), in that at least 15% of the area of each of these parcels is occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures. The occupied parcels comprise over 97% of the area of the TIF District, which is greater than 70%. In addition, there are 5 buildings located in the TIF District. As set forth in the Redevelopment Assessment Report, 3 of the 5 buildings (i.e., 60%) were “structurally substandard” to a degree requiring substantial renovation or clearance. The “structurally substandard” buildings are not in compliance with the building code applicable to new buildings, and the costs of modifying the building to satisfy the building code would be more than 15% of the cost of constructing new structures of the same square footage and type on the site.

Furthermore, on June 24, 2020, the HRA received a report entitled TIF Analysis Findings for 1544 & 1460 to 1536 University Avenue West, dated June 18, 2020, prepared by LHB, Inc. (the “Initial LHB Report”) regarding the property in the TIF District operated as Big Top Wine & Spirits and identified as Parcel ID #342923320005 and the property operated as the Midway Shopping Center and identified as Parcel ID #342923320015 (collectively, the “Property”). Based on the Initial LHB Report, in accordance with Minnesota Statutes section 469.174, subdivision 10(d), the HRA found by resolution that, as of June 24, 2020, the sole building located on Parcel ID # 342923320005 and the sole building located on parcel ID #342923320015 were both structurally substandard to a degree requiring substantial renovation or clearance. Prior to the demolition or removal of such buildings on the Property, the HRA entered into a Demolition and Development Agreement with RK Midway Shopping Center, LLC and Snelling-Midway Redevelopment, LLC dated as of April 13, 2021. Therefore, in accordance with Minnesota Statutes section 469.174, subdivision 10(d), such buildings are deemed to exist in the TIF District notwithstanding their demolition prior to the certification of the TIF District.

1.03 The Board further finds that the future development of the TIF District in accordance with the Master Plan, in the opinion of the Board, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

1.04 The Board further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole.

1.05 The Board further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise.

1.06 The HRA elects to retain all of the captured tax capacity to finance the costs of the TIF District. The City elects the method of tax increment computation set forth in Minnesota Statutes section 469.177, subdivision 3(b).

1.07 The HRA elects to delay the receipt of the first increment until tax payable year 2025.

1.08 The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan.

Section 2. Approval of Creation of the TIF District and Approval of the TIF Plan Therefor; Other Authorizations.

2.01 The creation of the TIF District and the adoption of the TIF Plan are hereby approved and

the TIF Plan shall be placed on file in the office of the Executive Director of the HRA (the “Executive Director”).

2.02 The Executive Director and staff of the HRA and the HRA’s advisors and legal counsel are authorized and directed to proceed with the establishment and implementation of the TIF District, the TIF Plan and this Resolution. The Executive Director is authorized and directed to negotiate and execute all documents, notes and contracts necessary to accomplish these actions.

2.03 The staff of the HRA is hereby directed to file a copy of the TIF Plan with the County Auditor of Ramsey County and to request the County Auditor to certify the original tax capacity of the TIF District.

2.04 The staff of the HRA is also directed to file a copy of the TIF Plan with the Commissioner of Revenue and the Office of the State Auditor within 60 days after the latest of: (a) the filing of the request with the County Auditor to certify the TIF District and (b) the date of approval of the TIF Plan by the City and the HRA.

2.05 The HRA hereby approves the decertification of the Prior TIF District as of the date hereof. The staff of the HRA is authorized to notify the County, the Office of the State Auditor and the Department of Revenue of the decertification of the Prior TIF District. The staff of the HRA is further authorized to transmit a copy of this Resolution to the County with a request to de-certify the Prior TIF District, it being the intent of the HRA that no future collection of tax increment from the Prior TIF District will be distributed to the HRA.

Section 3. Approval and Adoption of Policy on Interfund Loans and Advances. The HRA hereby approves a policy on interfund loans or advances (“Loans”) for the TIF District, as follows:

3.01 The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$11,000,000, interest in an amount up to \$61,522,000, and other project costs in an amount up to \$137,080,000) payable from the TIF District, as its 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 Executive Director from time to time.

3.02 The Loans may be advanced if and as needed from available monies in any fund or account of the HRA designated by the Executive Director. Loans may be structured as draw-down or “line of credit” obligations of the lending fund(s).

3.03 Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$209,602,000 outstanding at any time.

3.04 Any Loan shall mature not later than March 1, 2051 or the March 1 following the 26th collection year, or such earlier date as the Executive Director 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.

3.05 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 Minnesota Statutes 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 Executive Director to specify a lower rate.

3.06 Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the Executive Director shall maintain all necessary or applicable data on the Loans.

Section 4. Findings for the Use of Available TIF.

4.01 The Board hereby finds that the Development is a Qualified Project because:

- (a) the Development will create and retain jobs in the State, including the creation of approximately 300 permanent full-time jobs and 500 construction jobs;
- (b) construction on the Development will commence in 2024 and requires financial assistance to commence in this timeframe;
- (c) the construction would not have commenced before December 31, 2025, without the Available TIF assistance; and
- (d) the Available TIF for this Development will be spent under the Spending Plan by December 31, 2025.

4.02 The Board further finds that the Available TIF assistance meets the Spending Plan goal of advancing private development of underutilized, privately owned redevelopment sites within the City consisting of construction of buildings and ancillary facilities and is authorized pursuant to the Spending Plan and Subd. 4n.

Section 5. Approving an HRA Budget Amendment. The Board hereby approves the HRA budget as set forth in the attached Financial Analysis.

Section 6. Approval and Execution of Documents.

6.01 Approval of Development Documents. The Board hereby approves the preparation of a Development Agreement, consistent with the Term Sheet, together with any related documents necessary in connection therewith, including, without limitation, all documents, exhibits, certifications or consents referenced in or attached to the Development Agreement, and any subordinations, assignments or consents necessary in connection with the Developer's financing, (collectively, the "Development Documents"). This Resolution does not constitute a binding legal agreement.

6.02 Execution of Documents. The Chair or any Commissioner and Executive Director of the HRA and the Director, Office of Financial Services of the City (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 HRA, the Development Documents and to carry out, on behalf of the HRA, directly or through one or more appointed designees, the HRA'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 to the HRA, the appropriate HRA 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 HRA. 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 any of the Authorized Officers, any of the Development Documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney to the HRA, may act in their behalf. The electronic signature of a party to the Development Documents, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to the Development Documents. Any electronically signed Development Documents shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a

record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

6.03 Future Amendments. The authority to approve, execute and deliver future amendments to the Development Documents entered into by the HRA and consents required under the Development Documents is hereby delegated to the Authorized Officers of the HRA, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the HRA; (b) such amendments or consents do not contravene or violate any policy of the HRA; and (c) such amendments or consents are acceptable in form and substance to the Saint Paul City Attorney to the HRA or the counsel retained by the HRA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Authorized Officers of the HRA shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the event of absence or disability of the Authorized Officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney to the HRA, may act in their behalf.