

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 20, 2024

REGARDING: RESOLUTION APPROVING AN ADMINISTRATIVE AMENDMENT TO THE BUDGET FOR TAX INCREMENT FINANCING PLAN FOR BLOCK 4 REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND APPROVING AN HRA BUDGET AMENDMENT, DISTRICT 17, WARD 2

Requested Board Action

Approve a Second Amendment to the Block 4 Redevelopment TIF Plan to increase interest expenditures and an HRA budget amendment reflecting the same.

Background

On November 12, 1997, the HRA adopted Resolution No. 97-11/12-5 approving the creation of the Block 4 Redevelopment Tax Increment Financing District (the “TIF District”) and adopted a tax increment financing plan for the TIF District (the “TIF Plan”). The TIF District was established to provide financial assistance for a major downtown employer (Minnesota Life/aka Securian) to expand their headquarters and construct a new 350,000 SF office building including a 1,000-space parking ramp (the “Redevelopment Project”). On April 28, 2004, the HRA adopted resolution 04-4/28-2 approving a First Amendment to TIF Plan for the TIF District (the “Amended TIF Plan”). The final year for the TIF District is 2026.

The HRA issued pay as you go obligations to Minnesota Life, pledging tax increments collected by the HRA to reimburse eligible costs of the project with interest. Pay as you go obligations are limited obligations without scheduled payments, and revenues are first used to pay interest and then to retire principal. The HRA makes no representation that the pledged increments will be sufficient to pay principal and interest. The TIF Plan budget was prepared and approved based upon the projected tax increments to be generated in the TIF District. Many factors impact the amount of tax increments actually collected by the HRA, including the taxable market value of the project and the applicable tax rate. The actual tax increments collected have not matched the projected tax increments.

The HRA has determined that it is necessary to administratively amend the budget for the TIF District to reallocate budgeted expenditures to match the projected uses of funds. Staff has prepared the attached Second Amendment to TIF Plan (the “Second Amendment”) to increase the interest payments and reduce the principal amount reimbursed. The Second Amendment does not increase the total estimated tax increment expenditures, the amount of bonded indebtedness, capitalized interest, or make any other changes described in Minnesota Statutes, Section 469.175, subd. 4, enabling the HRA Board to administratively amend the TIF Plan budget.

Budget Action

The HRA budget for the TIF District is amended as shown in the attached Financial Analysis, to align with the TIF Plan amended budget, which includes:

1. Adjustment of revenues, including interest earnings, to align with the maximum budget.
2. Increase interest expense and reduce the principal expense.

Recommendation:

The Executive Director recommends approval of the resolution adopting the Second Amendment to the Block 4 Redevelopment TIF Plan and amending the HRA Budget.

Sponsored by: Chair Noecker

Staff: Jenny Wolfe, 266-6680

Attachments

- Financial Analysis
- Second Amendment to TIF Plan