



**Request for City Council Committee Action  
From the Finance & Property Services Department**

Date: January 12, 2015

To: The Honorable John Quincy, Chair, Ways and Means Committee

**Subject:** Refunding of TIF Revenue Refunding Bonds for the Village at St. Anthony Falls and Grant Park Projects

**Recommendation:**

Adopt the attached resolutions authorizing the issuance of Tax-Exempt Tax Increment Revenue Refunding Bonds in compliance with applicable Minnesota Statutes.

**Previous Directives:**

- December 16, 2003 – Authorized the issuance of up to \$8,000,000 of Tax-Exempt Tax Increment Revenue Refunding Bonds for the Village at St. Anthony Falls Project.
- October 25, 2005 – Authorized the issuance of up to \$4,750,000 of Tax-Exempt Tax Increment Revenue Refunding Bonds for the Village at St. Anthony Falls Project.
- August 8, 2006 - Authorized the issuance of up to \$11,000,000 of Tax-Exempt Tax Increment Revenue Refunding Bonds for the Grant Park Project.

**Department Information:**

Prepared or Submitted by Michael Abeln, Director, Capital & Debt Mgmt, 673-3496

Approved by: Kevin Carpenter, City Finance Officer \_\_\_\_\_

Spencer Cronk , City Coordinator \_\_\_\_\_

Presenters in Committee: Michael Abeln, Director, Capital & Debt Mgmt, 673-3496

**Financial Impact** (Check those that apply)

No financial impact

(If checked, go directly to Background/Supporting Information)

Other financial impact (Explain): Bond refunding for interest savings.

Request provided to the Budget Office when provided to the Committee Coordinator

## **Background/Supporting Information**

In the early 2000's, the City provided tax increment financing (TIF) assistance to several market rate for-sale housing developments that could not be fully financed with private sources due to the high costs of soil remediation, building demolition, utility relocation, and other excessive redevelopment costs. Two of these projects included the Village at St. Anthony Falls condos (located near East Hennepin Ave. & University Ave. SE) and the Grant Park condos (located at Grant St. E & Portland Ave).

To assist these projects, the City initially issued taxable tax increment revenue notes that were secured by developer guarantees and the collection of tax increment. Upon construction completion of the projects, the City refunded the taxable notes with tax-exempt tax increment revenue refunding bonds. There were two series of bonds issued for the Village at St. Anthony Falls (in 2004 and 2005), and one series of bonds issued for Grant Park (in 2006). These refunding bonds are payable solely from the tax increment collected from their respective TIF district, and are not general obligation debt of the City.

At this time, these refunding bonds are now callable, and can again be refunded with lower interest rates that will result in significant savings. Preliminary estimates indicate interest savings of approximately \$3 million over the life of the two new series of revenue refunding bonds. Interest savings will be utilized over time for debt prepayment or for affordable housing (if approved through future years City budgets).

The Finance & Property Services Department recommends that the City Council adopt the attached resolutions authorizing the Finance Officer to take the steps necessary to issue the Tax-Exempt Tax Increment Revenue Refunding Bonds for the Village at St. Anthony Falls Project and the Grant Park Project to reduce debt service costs.

The Finance Officer will report the actual bond sale results to the Ways & Means Committee after completion of the refunding transactions.