

**City of Minneapolis**  
**Request for Committee Action**

**To:** Ways & Means  
**Date:** 11/16/2015  
**Referral:** N/A  
**From:** Finance & Property Services  
**Prepared by:** Michael Abeln  
**Presented by:** Michael Abeln  
**File type:** Resolution  
**Subcategory:** Bond

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**Subject:**

Tax-exempt term loans with US Bank for Nicollet Mall project

**Description:**

Approving resolution authorizing the issuance of General Obligation Tax-Exempt Term Loans with US Bank for temporary financing of \$25,000,000 for construction of the new Nicollet Mall project, approximately \$18,700,000 of new net debt financing for various previously approved City capital improvements, approximately \$6,300,000 for refunding the City's General Obligation Various Purpose Refunding Bonds, Series 2005B and finally allowing for amending and extending the terms of two existing loans totaling \$42,195,000 with US Bank at more favorable interest rates and terms.

**Previous Actions:**

- October 19, 2015 – Authorize appropriate City officials to negotiate and enter into an agreement with US Bank for \$25,000,000 of temporary financing for the Nicollet Mall project and other purposes.
- August 3, 2015 – Authorize the Finance Officer to release a Request for Proposal (RFP) for financing options for the Nicollet Mall project and pass a resolution declaring City's intent to reimburse expenses with tax-exempt bonds.
- April 3, 2015 – Council resolution 2015R-148 designating the locations and streets to be improved.
- December 5, 2014 – Council resolution 2014R-508 appropriating \$3,500,000 for the Nicollet Mall Reconstruction project using revenue from project closeouts.
- December 5, 2014 – Council resolution 2014R-503 establishing the 2015 Uniform Assessment Rates.
- October 31, 2014 - Nicollet Mall Redesign and Reconstruction Project: Preconstruction and Construction Contracts: authorize the appropriate city officials to negotiate and enter into a contract with SEH for Preconstruction and Construction Management Services for the Nicollet Mall Project in an amount not to exceed \$2,400,000 and authorize the appropriate city officials to negotiate and enter into a contract with Shenehon for assessment calculation for the Nicollet Mall reconstruction project in an amount not to exceed \$60,000.
- August 15, 2014 - Authorize staff to issue a Request for Proposal to solicit proposals from qualified vendors for a construction manager for the Nicollet Mall Redesign and Reconstruction Project.
- June 17, 2014 – Approve concept for the Nicollet Mall and a project budget of \$50,000,000; Accept a \$21,500,000 State grant subject to the City's approval of \$25,000,000 in special assessments; Amend Capital Budget 2013R-573 to increase appropriation for 04100-9010937-CPV085 by \$46,500,000 and increase revenue for 04100-9010937-CPV085 including \$21,500,000 State grant and \$25,000,000 from special

assessments with the actual assessment amount determined at a Public Hearing; Authorize to negotiate to acquire construction easements; Authorize to enter into a contract with James Corner Field Operation for completion of detailed design, construction documents and bidding and construction phases for the Nicollet Mall not to exceed \$4,500,000; waive RFP policy and authorize to enter into a contract with Peter Brown of Conurbation LLC for project management through construction of the Nicollet Mall not to exceed \$266,000; Authorize process to select a construction manager for Nicollet Mall; Appoint ten-member Nicollet Mall implementation committee to guide through design.

- October 4, 2013 - Authorizing negotiation and execution of a contract with James Corner Field Operations for concept design of the Nicollet Mall Reconstruction Project
  - June 18, 2013 – Issuance of an RFP and execution of design stipends with finalist design teams
  - April 16, 2013 – Receive and file update on Nicollet Mall Redesign and issuance of RFQ.
  - December 12, 2012 - 2012R-655, Adopting the 2013-2017 Five Year Capital Program, including \$555,000 for Nicollet Mall Planning (CPV085).
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**Ward/Address:**

Not Applicable

**Background/Analysis:**

The City is finalizing the negotiations and drafting of several term loan agreements with US Bank. The loans include temporary financing of \$25,000,000 for construction of the new Nicollet Mall project, approximately \$18,700,000 of new net debt financing for various previously approved City capital improvements, approximately \$6,300,000 for refunding the City's General Obligation Various Purpose Refunding Bonds, Series 2005B and finally allowing for amending and extending the terms of two existing loans totaling \$42,195,000 with US Bank at more favorable interest rates and terms.

The loans are the result of a competitively bid request for proposal process initially performed for the Nicollet Mall project. As a result of negotiations, staff was able to extend the very favorable terms and interest rates to two existing loans and to finance the 2015 Capital Program and a refunding of fixed rate bonds issued in 2005.

These loans will be issued in variable rate mode and will represent the total City general obligation debt (approximately \$92,195,000) that will have variable interest rates. The estimated starting interest rate on these loans will be around .35% - .50%. Upon closing on these loans on or around December 18, 2015, the City will have approximately 14% of its general obligation debt in variable rate mode. The City's debt policy allows for up to 25% of the debt to be in variable rate mode.

**Financial Review:**

**No additional appropriation required, amount included in current budget.**

**Future budget impact anticipated.**

These loans will reduce interest expense on existing debt and provide low cost financing for new projects.

**Attachments:**

1. Bond Authorization Resolution
2. Form of Term Loan Agreement with attached Term Loan Note