

# Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: November 9, 2010

To: Council Member Lisa Goodman, Chair  
Community Development Committee

**Subject:** Request that the City of Minneapolis allocate all of its \$12.993 million RZEDB volume cap to the Minneapolis Special School District No. 1 for the purpose of the Minneapolis Public School's issuance of RZEDBs to finance eligible costs for the construction of the Minneapolis Public School Education Service Center to be located at 1250 West Broadway.

**Recommendation:** The CPED Director recommends that the City Council adopt the attached Resolution allocating all of its \$12,993,000 RZEDB volume cap to the Minneapolis School District.

**Previous Directives:** The project was approved by the Planning Commission on October 18, 2010 and will be reviewed by the Zoning and Planning Committee on November 10, 2010 for the rezoning request.

Prepared by: Bob Lind 673-5068

Approved by: Charles T. Lutz, Deputy Director CPED \_\_\_\_\_

Catherine A. Polasky, Director, Economic Development \_\_\_\_\_

Presenters in Committee: Bob Lind

## Reviews

- Permanent Review Committee (PRC): NA

## Financial Impact

- Other financial impact: No financial impact. The City by allocating its RZEDB volume cap to the Minneapolis School District is helping to facilitate the financing of the public facility at the lowest possible interest rate.

## Community Impact

- Neighborhood Notification: The Jordan Area Community Council has been made aware of the proposal by the Minneapolis School District for their headquarters facility.
- City Goals: The City partnership with the Minneapolis School District to assist in their financing of the headquarters facility advances the goal of lifelong learning initiatives.
- Sustainability Targets: NA
- Comprehensive Plan: As per the Minneapolis Plan various actions by the Zoning and Planning Committee are pending.

- Zoning Code: The proposed project is under review for a rezoning to OR2 (High Density Office Residence) District.
- Living Wage/Business Subsidy Agreement    Yes \_\_\_\_ No X
- Job Linkage    Yes \_\_\_\_ No X

## **Supporting Information**

### **Project Location & Description:**

The proposed project is the construction of a new Minneapolis Public School district headquarters. The proposed project would consist of a 5-story, approximately 173,000 sq. ft. Minneapolis Public School district headquarters as well as 354 surface parking stalls located on the north side of the site at 1250 West Broadway. As proposed, the building would include four major components:

1. An Education Service Center which is the headquarters function of the school district and includes departments such as the Superintendent, Student Achievement and Academics as well as the Board of Education Board Room;
2. Adult Basic Education serving approximately 175-200 adult students in classroom settings during the morning, afternoon and evenings;
3. Northside Welcome Center serving families that are new to the Minneapolis School District; and
4. District Professional Development and Service Center which is the facility that supports the 6,000 employees of the school district in providing professional development training and access to the support functions of the district such as human resources.

### **Type of Financing:**

The American Recovery and Reinvestment Act of 2009 (ARRA) provided, among other purposes, for the creation of certain new financing tools designed to promote economic recovery and to invest in infrastructure that will provide long-term economic benefits. The issuance of Recovery Zone Economic Development Bonds (RZEDB) for public infrastructure, construction of public facilities, and for job training and education programs are all within the qualified economic development purposes. The City's use of its volume cap allocation of \$12.993 million must be used for projects that will have the bond financing closed by December 31, 2010. The City may allocate its RZEDB volume cap in whole or in part, to an ultimate beneficiary in any reasonable manner as determined by the City for use for eligible costs for projects located within its designated Recovery Zone Area. The City's Recovery Zone Area was designated in April, 2009. The Minneapolis School District headquarters facility is an eligible use for the issuance of RZEDBs and the location is within the designated Recovery Zone.

## **RESOLUTION**

WHEREAS, the American Recovery and Reinvestment Act of 2009 (“ARRA”) provided, among other purposes, for the creation of certain new financing tools designed to promote economic recovery and to invest in infrastructure that will provide long-term economic benefits, including, among others, recovery zone economic development bonds (“RZEDBs”), which bonds must be issued prior to January 1, 2011.

WHEREAS, Sections 1400U-1 through 1400U-3 of the Internal Revenue Code of 1986, as amended (the “Code”), have codified the provisions of ARRA governing the issuance of RZEDBs. Subject to the Code, the Internal Revenue Service has allocated the national RZEDB volume cap among the states, which amounts have subsequently been reallocated within each state among various counties and large municipalities. Under this reallocation, the City of Minneapolis (the “City”) received a volume cap allocation of \$12,993,000 for the issuance of RZEDBs.

WHEREAS, the City may allocate its RZEDB volume cap, in whole or in part, to an ultimate beneficiary in any reasonable manner as determined in good faith in the City’s discretion for use for eligible costs for qualified economic development purposes, so long as the recovery zone economic development project is located within a “recovery zone” in the City’s jurisdiction.

WHEREAS, Special School District No. 1 (Minneapolis), Minnesota (the “District”), a political subdivision with boundaries coterminous with the City, has requested an allocation of the entire amount of the City’s RZEDB volume cap so that it may issue RZEDBs to finance eligible costs for the construction of an administrative facility (the “Project”) to be located at 1250 West Broadway.

WHEREAS, the Project is located within the “recovery zone” of the City for purposes of the issuance of RZEDBs, as established by this Council in April, 2009.

WHEREAS, the City desires to allocate its entire RZEDB volume cap to the District, as an ultimate beneficiary, for use for eligible costs for the Project to promote economic recovery and provide long-term economic benefits in said recovery zone and the City.

**BE IT RESOLVED**, by the City Council (the “Council”) of the City of Minneapolis, Minnesota, as follows:

The Council allocates all of its \$12,993,000 RZEDB volume cap to the District for the purpose of the District’s issuance of RZEDBs to finance eligible costs for the Project pursuant to Sections 1400U-1 through 1400U-3 and other applicable provisions of the Code and Treasury Regulations. By issuing bonds pursuant to this allocation, the District assumes all responsibility for ensuring compliance with all applicable provisions of the Code and Treasury Regulations. The City undertakes no responsibility for issuance by the District of RZEDBs in compliance with any provision of state or federal law or local ordinance.