


REQUEST FOR COUNCIL ACTION

Date: June 22, 2015
Item No.: 14.b

Department Approval



City Manager Approval



Item Description: Interfund Transfer – Dale Street Development

1 **BACKGROUND**

2 On April 6, 2015, the City of Roseville entered into a purchase agreement with the Roseville
3 Housing and Redevelopment Authority in order to purchase the HRA’s land that is contained in
4 the Dale Street redevelopment project area. The City’s closing on the property will be occurring
5 before the contractual deadline of June 30, 2015.

6 On May 11, 2015, the City of Roseville entered into a predevelopment agreement with the
7 Greater Metropolitan Housing Corporation (GMHC) so that GMHC can purchase and develop
8 the property as depicted on Attachment A.

9 The City of Roseville contracted with an environmental firm to perform a Phase 1 environmental
10 analysis and the report has been reviewed by GMHC, Western Bank, City Staff and the City
11 Attorney and been deemed to be sufficient for waiving the City’s environmental contingency in
12 the purchase agreement with the HRA.

13 The City of Roseville has obtained updated title for the property that the City Attorney has
14 deemed to be sufficient to waive the City’s title contingency in the purchase agreement with the
15 HRA.

16 GMHC has passed its first key deadline in the predevelopment agreement and was able to meet
17 the submittal obligations, including receiving a written commitment from Western Bank for
18 project financing. The pro forma and commitment are currently being reviewed by the City’s
19 housing finance consulting firm, Ehlers and Associates. GMHC has also submitted a
20 preliminary plat application for the development that is scheduled for the Planning Commission
21 on July 1.

22 Based on the direction of the City’s TIF Attorney, Mary Ippel from Briggs and Morgan, when
23 the TIF Development Agreement is executed and the details of how that will be structured is
24 fully known, there will need to be a public hearing and formal TIF amendment to formally utilize
25 TIF as intended in that future agreement. Because the City of Roseville would like to close on
26 the HRA property at this earlier time in order to maintain our contractual obligations with the
27 HRA, Briggs and Morgan has prepared the attached Interfund Loan Resolution (Attachment B).
28 This resolution will, in effect, have the City borrow the funds at this time from the same TIF
29 districts that will eventually be funding this project in order to allow this earlier closing.

30 The Interfund Loan amount is listed as “up to \$750,000” but that figure is intentionally set higher
31 than what is anticipated as a very conservative estimate to ensure something unanticipated
32 doesn’t surface at closing that would result in the City being unable to fulfill its obligations. The
33 actual loan will be for the costs of the purchase and other qualified costs.

34 **POLICY OBJECTIVE**

35 The Dale Street redevelopment project is a priority redevelopment area for the City of Roseville.

36 **BUDGET IMPLICATIONS**

37 This interfund loan will result in the borrowing of TIF funds which will reduce those TIF fund
38 balances and it will result in replenishing HRA fund balances that have been utilized for the
39 purchase and holding costs of the property.

40 **STAFF RECOMMENDATION**

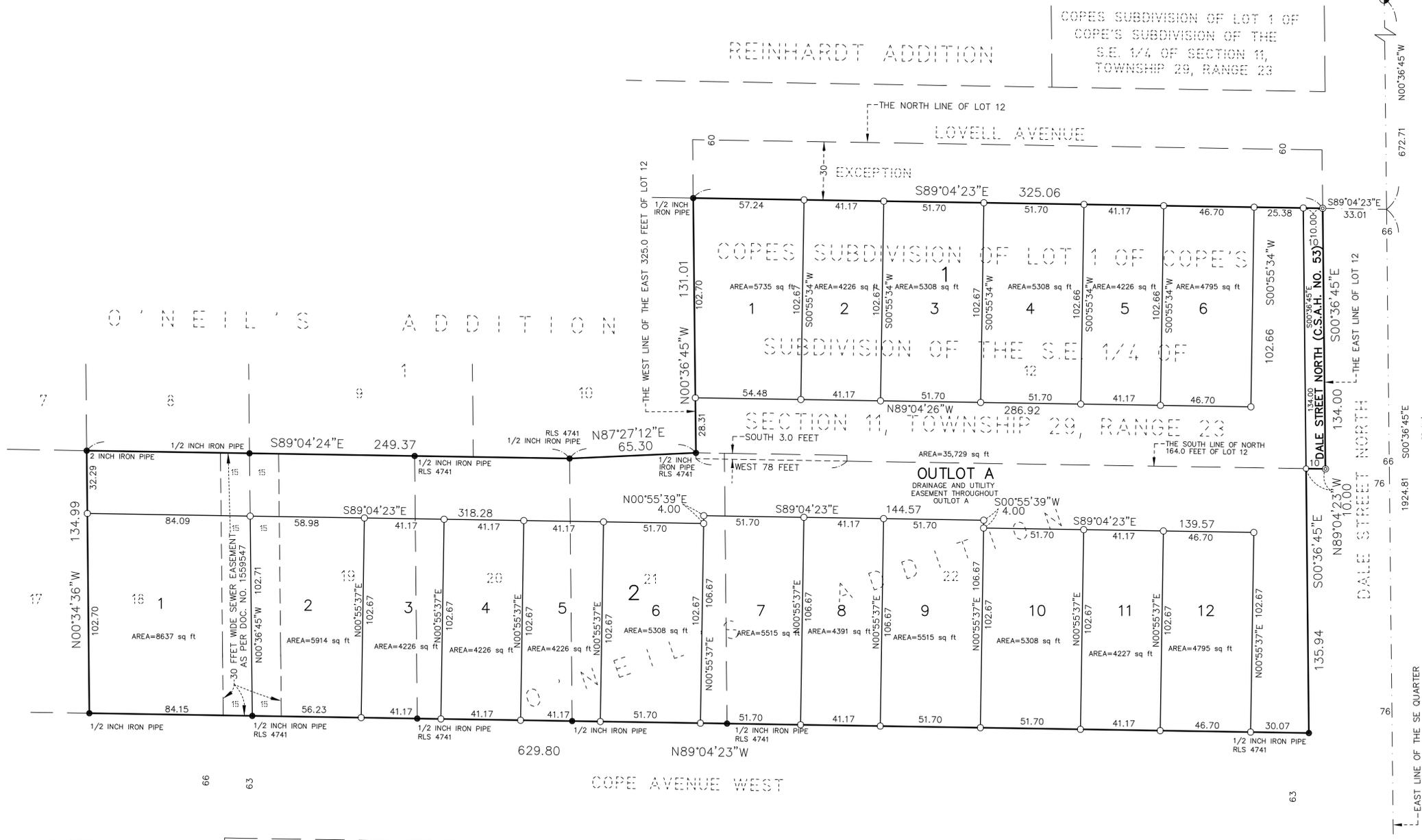
41 Staff recommends the approval of the attached resolution approving the interfund loan.

42 **REQUESTED COUNCIL ACTION**

Offer a motion to approve the attached Resolution authorizing an interfund loan for the purchase of property from the Roseville Housing and Redevelopment Authority and performance of the actions necessary to meet the City's obligations identified in the Resolution.

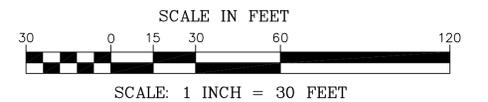
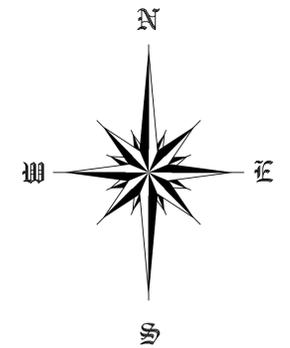
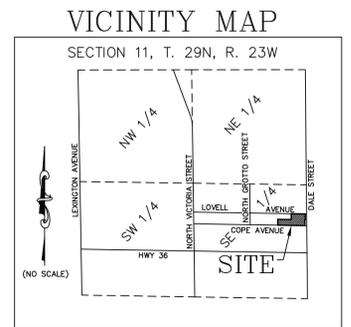
Prepared by: Paul Bilotta, Community Development Director
Attachments: A: Proposed Preliminary Plat
B: Resolution

GARDEN STATION ADDITION



CAST IRON MONUMENT
EAST QUARTER CORNER
SECTION 11, TOWNSHIP 29, RANGE 23
RAMSEY COUNTY, MINNESOTA
N 181142.752
E 566493.505

CONCORDIA
MEADOWS



Legend

- Denotes 12 inch long Common Spike with washer stamped R.L.S. 16464 Monument set.
- ⊙ Denotes PK Nail, with stainless steel marker, Monument set, and stamped R.L.S. 16464.
- Denotes Iron found, size, type, and R.L.S. as noted.
- ⚡ Denotes Ramsey County Cast Iron Monument.

CAST IRON MONUMENT --
NORTH WITNESS MONUMENT TO THE SOUTHEAST CORNER
SECTION 11, TOWNSHIP 29, RANGE 23
RAMSEY COUNTY, MINNESOTA
N 178545.381
E 566521.277

BASIS OF BEARINGS: RAMSEY COUNTY COORDINATE SYSTEM, NAD83,
1986 ADJUSTMENT.
COORDINATES SHOWN ARE RAMSEY COUNTY COORDINATES, NAD83,
1986 ADJUSTMENT.

Any required monument location on this plat with no monument symbol shown, indicates a plot monument that will be set, and which shall be in place within one year after the recording of this plat. These monuments will be 12 inch long Common Spike Monuments set & capped R.L.S. 16464.

LAKE & LAND SURVEYING, INC.
1200 CENTRE POINTE CURVE, SUITE 275
MENDOTA HEIGHTS, MINNESOTA, 55120
PHONE: 651-776-6211

RESOLUTION NO. ____

RESOLUTION APPROVING THE TERMS OF UP TO A
\$750,000 INTERFUND LOAN IN CONNECTION WITH
TAX INCREMENT FINANCING DISTRICT NO. 10 AND
TAX INCREMENT FINANCING DISTRICT NO. 12

BE IT RESOLVED by the City Council (the "Council") of the City of Roseville, Minnesota (the "City"), as follows:

Section 1. Background.

(a) The City has heretofore approved the establishment of Tax Increment Financing Districts No. 10 and Tax Increment Financing District No.12 (together, the "TIF Districts") within Municipal Development District No. 1, and has adopted tax increment financing plans for Tax Increment Financing District No. 10 and Tax Increment Financing District No. 12 (together, the "TIF Plans").

(b) The City has determined to pay for certain costs identified in the TIF Plans consisting of certain administrative expenses (the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

(c) Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally made, including tax increments from tax increment financing districts (collectively, the "Fund"), in order to finance the Qualified Costs.

(d) The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from either or both of the TIF Districts in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

(a) The City hereby authorizes the advance of up to \$750,000 from the Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4.00% and will not fluctuate.

(b) Principal and interest on the Interfund Loan shall be paid semi-annually on each February 1 and August 1 (each a "Payment Date") commencing with the Payment Date on which the City has Available Tax Increments (defined below), or on any other dates determined by the City Manager, through the last receipt of tax increment from the TIF Districts.

(c) Payments on the Interfund Loan are payable solely from "Available Tax Increments" which shall mean, on each Payment Date, all of the tax increment available after other obligations have been paid, generated in the preceding six (6) months with respect to the property within each respective TIF District and remitted to the City by Ramsey County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on the Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increments, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increments.

(d) The principal sum and all accrued interest payable under the Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

(e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increments pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increments, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of either of the TIF Districts.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Adopted this 22nd day of June, 2015.

Mayor

ATTEST:

City Manager