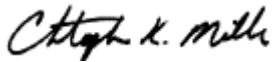


REQUEST FOR COUNCIL ACTION

Date: 06/09/14
Item No.: 11.a

Department Approval



City Manager Approval



Item Description: Public Hearing to Acknowledge the Expenditure of Tax-exempt Funds for the University of Northwestern-St. Paul.

BACKGROUND

Under Federal and State Statutes, municipalities are authorized to pledge their bond issuance authority to non-profit groups for the benefit of higher educational facilities. If a municipality expects to issue or receive tax-exempt bond proceeds, either directly or indirectly through separate establishments, it is required by federal law to hold a public hearing.

The Wisconsin Public Facilities Authority intends to proceed with the issuance of tax-exempt bonds for the benefit of the University of Northwestern-St. Paul located in Roseville. The proceeds of the bonds will not exceed \$26,000,000 and will be used to finance or reimburse the University for the cost of certain higher education facilities and related costs, including but not limited to:

- ❖ Refund the outstanding bonds from the 2002 and 2008 Northwestern College bonds
- ❖ Finance the acquisition of the Country Inn and Suites and conversion of that facility into student housing
- ❖ Construction of new athletic facilities
- ❖ Fund bond-related costs including; capitalized interest, debt service reserve fund, and issuance costs where applicable.

The Bonds will not constitute a charge, lien or encumbrance upon any property of the City. Such Bonds will not be a charge against the general credit or taxing powers of the City, but are payable from sums to be paid by Northwestern pursuant to a separate revenue note with their eventual lender.

The purpose of the public hearing is to allow for public comment on the proceeds to be expended.

POLICY OBJECTIVE

Generally speaking, the public policy reason for City participation in these tax-exempt financings is to promote greater investment in the City's higher educational facilities. Allowing the bonds to be issued tax-exempt makes the bonds more attractive to investors and results in lower borrowing costs compared to traditional financing methods. This in turn, provides more available dollars for the proposed project.

Should the Council deny the use of tax-exempt proceeds to be spent in the City, Northwestern would be required to finance the acquisition and improvements using more costly financing methods.

32 **FINANCIAL IMPACTS**

33 Not applicable.

34 **STAFF RECOMMENDATION**

35 Consistent with past practices, Staff recommends the Council adopt the attached resolution
36 acknowledging the expenditure of tax-exempt funds by the University of Northwestern-St. Paul.

37 **REQUESTED COUNCIL ACTION**

38 Motion to adopt the attached resolution acknowledging the expenditure of tax-exempt funds by the
39 University of Northwestern-St. Paul.

40

Prepared by: Chris Miller, Finance Director

Attachments: A: Resolution acknowledging the expenditure of tax-exempt funds by University of Northwestern-
St. Paul.

41

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE, MINNESOTA,
 APPROVING THE ISSUANCE OF PUBLIC FINANCE AUTHORITY REVENUE BONDS IN A
 MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$26,000,000 FOR THE PURPOSES OF
 FINANCING AND REFINANCING THE COSTS OF ACQUISITION, CONSTRUCTION,
 IMPROVEMENT, RENOVATION AND EQUIPPING OF CERTAIN EDUCATIONAL FACILITIES
 OF THE UNIVERSITY OF NORTHWESTERN-ST. PAUL AND OTHER MATTERS RELATING
 THERETO

WHEREAS, it has been requested that the Public Finance Authority, a unit of government and a body corporate and politic under the laws of the State of Wisconsin, authorized and empowered pursuant to the laws of the State of Wisconsin, and particularly Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended (the "Act") to issue revenue bonds and lend the proceeds thereof for the purpose of financing "projects" as defined in the Act (the "Authority"), participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$26,000,000 (the "Bonds") to be used, in part, to (a) currently refund all of the outstanding (i) City of Roseville, Minnesota Variable Rate Demand Private School Facility Revenue Bonds (Northwestern College Project) Series 2002 (the "2002 Bonds"), the proceeds of which were used to (A) refund certain taxable indebtedness of the Borrower incurred in connection the acquisition and refurbishing of student housing facilities located at 2906, 2924, 2930 and 3003 North Snelling Avenue, Roseville, Minnesota 55113, (B) finance a portion of the costs of the construction, expansion, renovation and equipping of various facilities of the Borrower, including the acquisition, construction, equipping and furnishing of the non-broadcasting portions of the Mel Johnson Media Center located at 2993 North Snelling Avenue, Roseville, Minnesota 55113, together with miscellaneous educational facilities, including equipment, furnishings, renovations and landscaping on the main campus of the Borrower located at 3003 North Snelling Avenue, Roseville, Minnesota 55113 and parcels adjacent thereto in Roseville, Minnesota (together with parcels adjacent thereto in Arden Hills, Minnesota, the "Main Campus") (the "2002 Project"), and (C) pay a portion of certain costs associated with and incidental to the financing and (ii) Colorado Educational and Cultural Facilities Authority Adjustable Rate Demand Revenue Bonds, Series 2008A (Northwestern College Project) (the "2008A Bonds" and together with the Series 2002 Bonds, the "Prior Bonds"), the proceeds of which were used to (A) finance the costs of the acquisition, construction, improvement, renovation, remodeling, furnishing and equipping of certain higher educational facilities of the Borrower, including but not limited to acquisition and renovation costs or an office building, planning and capital construction costs of campus roadways and parking facility and capital campus landscaping costs, all located on the portion of the Main Campus located in Roseville, Minnesota (the "2008 Project" and together with the 2002 Project, the "Prior Project") and (B) pay certain costs of issuance of the 2008A Bonds, including initial costs of credit enhancement; (b) refinance certain outstanding indebtedness of the Borrower, the proceeds of which were used to finance the acquisition and conversion into student housing, including but not limited to the equipping and furnishing of the facility, of the Country Inn & Suites located at 2905 Snelling Avenue North, Roseville, Minnesota 55113; (c) finance and reimburse the Borrower for all or a portion of the costs of acquiring, constructing, improving and equipping certain educational facilities of the Borrower, including but not limited to the demolition and destruction of existing athletic and related facilities, the construction and installation of artificial turf football, soccer, baseball and softball fields, six regulation size tennis courts, bleacher seating for approximately 1,500 people, locker rooms for approximately 192 student athletes, and related restroom and concession facilities located on the portion of the Main Campus located in Roseville, Minnesota (collectively, the "2014 Project" and together with the Prior Project, the "Project"); (d) fund capitalized interest on a portion of the Bonds; (e) fund a debt service reserve fund for the Bonds, if any; and (f) pay certain costs of issuance of the Bonds and of refunding the Prior Bonds. The Project and all facilities financed or refinanced with the proceeds of the Bonds are or are to be owned and operated by the Borrower.

WHEREAS, pursuant to Section 66.0304(11)(a) of the Wisconsin Statutes, prior to their issuance, bonds issued by the Authority must be approved by the governing body or highest ranking executive or administrator of the political jurisdiction within whose boundaries the project is to be located; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), prior to their issuance, the Bonds are required to be approved by the "applicable elected representative" of the governmental unit having jurisdiction over the area in which any facilities financed or refinanced by the Bonds is to be located after a public hearing held following reasonable public notice; and

WHEREAS, the Borrower has requested that the City Council of the City of Roseville, Minnesota (the "City Council") approve the financing and refinancing of the Project and the issuance of the Bonds in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated as of September 28, 2010 (the "Joint Exercise Agreement") and Section 66.0304(11)(a) of the Wisconsin Statutes; and

WHEREAS, the Borrower has represented to the City of Roseville, Minnesota (the "City") that the facilities constituting the Project and to be financed or refinanced are located within the territorial limits of the City; and

WHEREAS, the members of the City Council are the applicable elected representatives of the City; and

WHEREAS, bond counsel has advised that there has been published at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on the date hereof; and

WHEREAS, such public hearing was conducted on this date by the City Council, at which time an opportunity was provided to interest parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the City has been informed that the Bonds will not constitute a debt or liability of the City and the City shall have no payment obligations with respect to the Bonds; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds and the facilities required by Section 147(f) of the Code;

NOW THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City as follows:

1. The City Council hereby approves the issuance of the Bonds by the Authority for financing and refinancing the Project. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds by the applicable elected representative of the Project Jurisdiction, which is the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code and Section 66.0304(11)(a) of the Wisconsin Statutes and Section 4 of the Joint Exercise Agreement. The City does not bear any responsibility for the tax-exempt status of the Bonds, the debt service on the Bonds or any other matters related to the Bonds.

2. The Mayor and the staff of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem

necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City of Council of the City of Roseville, Minnesota, this 9th day of June, 2014.

AYES:

NOES:

ABSENT:

By: _____
Pat Trudgeon, City Manager

CERTIFICATE

I, the undersigned, being the duly qualified and acting City Manager of the City of Roseville, Minnesota, do hereby certify that the attached resolution is a full, true and complete resolution adopted by the City Council of said City on the date therein indicated.

WITNESS my hand this 9th day of June, 2014.

Pat Trudgeon, City Manager