



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

Date: March 20, 2012

To: Council Member Lisa Goodman, Community Development Committee  
Council Member Betsy Hodges, Ways & Means/Budget Committee

**Subject:** A Public Hearing and Request for Preliminary Approval of up to \$6,000,000 In Tax-exempt City of Minneapolis, Limited Tax-Supported Development Revenue Bonds, Series 2012, for Ambassador Press to be issued through the Minneapolis Common Bond Fund.

**Recommendation:** The CPED Director recommends that the City Council adopt the attached Resolution giving Preliminary Approval to the issuance of up to \$6,000,000 in Tax-exempt Limited Tax Supported Development Revenue Bonds, Common Bond Fund Series 2012, for Ambassador Press to be issued through the Common Bond Fund and designating the bonds as bonds entitled to the security provided by Ordinance No. 87-OR-084, Chapter 424, Tax Reserve and Pledge Ordinance.

**Previous Directives:** Common Bond Fund Series 1997-2 issued for \$4,600,000 to acquire land and construct the facility at 1400 Washington Avenue North.

Common Bond Fund Series 2006-1A for \$5,390,000 to expand the facility

Common Bond Fund Series 2006-1B for \$3,010,000 to refinance the 1997-2 bonds

Prepared by: Charles Curtis 673-5069

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

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

Presenters in Committee: Charles Curtis

## Reviews

- Permanent Review Committee (PRC): NA

## Financial Impact

- Other financial impact: The issuance of revenue bonds for Ambassador Press will generate revenue bond administrative fees of approximately \$22,500 a year that are used to support the small business assistance programs of the City of Minneapolis.

## Community Impact

- Neighborhood Notification: Ward 5 Near-North Neighborhood had been notified
- City Goals: The proposed project will increase the City's economic competitiveness by allowing an existing company to expand and will extend the benefits of a growing local business to Minneapolis residents.
- Sustainability Targets: The proposed project is an expansion of an existing company
- Comprehensive Plan: The existing facility was completed in 1998. The facility is consistent with the current Plan. A parking variance application will be submitted to the City Council in the near term to reduce parking at the site by approximately 18 stalls.
- Zoning Code: The facility and proposed expansion are in compliance
- Living Wage/Business Subsidy Agreement Yes \_\_\_\_ No X
- Job Linkage: A job linkage Agreement will be continued

## Supporting Information

**Project Location & Description:** The proposed project consists of the addition of up to 27,000 square feet to the existing 71,000 square foot facility at 1400 Washington Avenue North and the purchase and installation of related printing equipment. This proposed project will be the second addition to the original facility that was completed in 1998. The company will be submitting a request for a parking variance at the site to allow the new addition.

## Type of Financing:

The complete details of the financing will be completed and submitted to the City Council for consideration of Final Approval. The request for Preliminary Approval is being presented at this time in order to allow the company and City staff to finalized the cost of the project and to allow the company to preserve its ability to include early costs as expenses allowed with Tax-exempt Revenue Bond Financing

**Present Employment:** 65 Full time plus approximately 25 part time workers

**New Employment:** 6 Full time plus some related part time workers

**Assessor's Estimate Annual Tax Increase:** To be Determined

## Affirmative Action Compliance:

The company's previous Affirmative Action Plan will be updated prior to consideration of Final Approval by the City Council.

## CITY IRB POLICIES:

Job Component	<p>Minimum standard of one (1) job per 1,000 square feet of building area.</p> <p><u>Ambassador Press</u></p> <p>In compliance</p>
Property Improvements	<p>For private activity IRBs consisting of industrial/manufacturing projects, no more than 25% of the bond proceeds may be used for land and acquisition. If purchasing an existing building, an amount equal to at least 15% of the acquisition cost must be spent on rehabilitation expenditures. This IRB policy does not apply to nonprofit organizations issuing 501(c)(3) tax-exempt revenue bonds.</p> <p><u>Ambassador Press</u></p> <p>In compliance</p>
Development Standards	<p>Compliance with the Land Use Plan of the City's Comprehensive Plan.</p> <p><u>Ambassador Press</u></p> <p>In compliance</p>
Equipment Financing	<p>Limited to companies that create or preserve a significant number of jobs, and the equipment financed must be sufficiently secured. No more than 10% of the bond proceeds may be used to finance movable equipment not constituting a fixture.</p> <p><u>Ambassador Press</u></p> <p>In compliance</p>
Restaurant/Bank	<p>IRB financing is allowed for a restaurant or a bank if it is built or rehabilitated in an CPED Redevelopment Area. No more than 25% of the bond proceeds can be used to</p>

finance retail food and beverage establishments, automobile dealerships or recreation or entertainment facilities.

Ambassador Press

NA

Tax-exempt Institution

Refinancing is permitted when new jobs are created or when a significant number of jobs is preserved; any interest cost savings must directly reduce patient costs.

Ambassador Press

NA

IRB CAP:

The project is subject to the State's limit on tax-exempt bond financing. An allocation for tax-exempt bonding authority will be requested from the State following the Preliminary Approval.

FINANCIAL ADVISOR:

Dougherty & Company, LLC

BOND COUNSEL:

Gray, Plant & Mooty

UNDERWRITER:

RBC Capital Markets

Piper Jaffray

RESOLUTION  
Of the  
City of Minneapolis

Giving preliminary approval to a project on behalf of Ambassador Press, Inc. and authorizing the issuance of revenue bonds or notes of the City of Minneapolis therefor; referring the proposed project to the Department of Employment and Economic Development for approval; and authorizing the preparation of necessary documents.

WHEREAS, under Sections 469.152 through 469.1651 of the Minnesota Statutes, as amended (the "Act"), the City of Minneapolis, Minnesota (the "City") is authorized to issue revenue bonds or notes for the purpose of providing financing for the acquisition, construction, rehabilitation and installation of projects consisting of real and personal properties used or useful in connection with a revenue-producing enterprise engaged in any business; and

WHEREAS, the City has assumed the obligations of the Minneapolis Community Development Agency (the "Agency") with respect to a certain common bond fund and intends to continue to issue revenue bonds to be secured thereby (the "Common Fund Bonds"); and

WHEREAS, the City has authority to issue Common Fund Bonds and is the successor to the Common Fund Bonds issued by the Agency; and

WHEREAS, in enacting the Act, the Legislature found that the welfare of the State of Minnesota requires the active promotion, attraction, encouragement and development of economically sound industry and commerce to prevent, as far as possible, the emergence of blight and areas of chronic unemployment and to prevent economic deterioration; and

WHEREAS, other factors necessitating such active promotion and development of industry and commerce within the City are the increasing movement of population and business to suburban areas, the steady and rapid increase in the amount and cost of governmental services required to meet the needs of the central City area and the need for more intensive development and use of land within the City to provide an adequate tax base to finance these costs; and

WHEREAS, the promotion, attraction, encouragement and development of economically sound industry and commerce provides employment opportunities for residents of the City and encourages land development, thereby increasing the tax base of the City and overlapping taxing districts; and

WHEREAS, Ambassador Press, Inc., a Minnesota corporation, or an affiliate thereof (the "Company"), has proposed to expand and equip a manufacturing facility located at 1400 Washington Avenue North in the City (hereinafter, the "Project"), to be used in the operation of its commercial printing business; and

WHEREAS, the Company has proposed that the City issue one or more series of its Common Fund Bonds (the "Bonds"), for the purpose of financing the Project, including certain incidental expenses thereto, in an approximate principal amount of \$6,000,000 and the proposal calls for the proceeds realized upon the sale of the Bonds to be applied by the Company pursuant to a revenue agreement wherein the Company will be obligated to expand and equip the Project and to make payments under the revenue agreement at the times and in the amounts sufficient to provide for the prompt payments of principal of, premium, if any, and interest on the Bonds and all costs and expenses of the City incident to the issuance and sale of the Bonds; and

WHEREAS, the City has been advised by representatives of the Company that conventional, commercial financing to pay the capital cost of the Project has not been obtained and is available only on a limited basis and at such high costs and on such terms of borrowing that the economic feasibility of the Project would be significantly impaired, such that the Project would not be undertaken but for the availability of industrial development bond financing under the Act; and

WHEREAS, the City Council has been advised that the proposed bond issue has been submitted to the Mayor and the Planning Commission of the City at least fourteen (14) days prior to consideration hereof; and

WHEREAS, it is proposed that the Bonds would be further secured by Chapter 424 of the City Code of Ordinances; and

WHEREAS, the proposed Project consists of real and/or personal properties to be used in a revenue-producing enterprise engaged in business, as authorized by the Act; and

WHEREAS, the undertaking of the proposed Project and the issuance of the Bonds to finance the cost thereof will further promote the public purposes and legislative objectives of the Act by encouraging the location and retention of revenue-producing enterprises within the City, by increasing the tax base of the City and overlapping taxing jurisdictions, by providing additional or retaining existing employment opportunities for residents of the City and surrounding area or by stimulating the development and redevelopment of marginal lands within the City; and

WHEREAS, except as may be authorized by Chapter 424 of the City Code of Ordinances, the full faith and credit of the City will not be pledged or responsible for the Project or for the payment of the principal of, premium, if any, and interest on the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY MINNEAPOLIS:

A. That it is hereby found and determined that the Project might not be undertaken but for the availability of industrial development bond financing under the Act.

B. That the undertaking of the Project and the issuance by the City of its Bonds pursuant to the Act in an approximate aggregate principal amount of \$6,000,000 or such other amount approved by the City not exceeding such sum by more than ten percent (10%), to finance the costs thereof, all as referred to above, is hereby authorized and approved by the City, subject to the approval of the Project by the Department of Employment and Economic Development of the State of Minnesota (the "Department") under the Act, and to the agreement of the City, the Company and the purchaser or purchasers of the Bonds on the detailed terms and conditions on which the Project will be expanded and equipped and the Bonds will be issued, sold and secured.

C. That in accordance with Sections 469.152 through 469.1651, Minnesota Statutes, staff of the City is hereby authorized and directed to submit the proposal for undertaking the Project to the Department requesting approval of the Project. The Finance Officer, the City Attorney and other officers, employees and agents of the City are hereby authorized to provide the Department such preliminary information as may be required for this purpose. The City Attorney is also authorized, in cooperation Gray, Plant, Mooty, Mooty & Bennett, P.A., as bond counsel, to initiate preparation of such documents as may be appropriate to the Project in order that, when and if the Project is approved by the Department, it may be carried forward expeditiously.

D. That the adoption of this resolution by the City does not constitute a guarantee or a firm commitment that the City will issue the Bonds as requested by the

Company. The City reserves the right, in its sole discretion, to withdraw from participation and accordingly not issue any Bonds to finance the Project at any time prior to the adoption of the resolution authorizing the issuance of such Bonds should the City so determine.

E. That the City shall not adopt a resolution authorizing the issuance of the Bonds until all persons and entities, including the Company, involved in the operations or ownership of the Project have complied with all requirements of and had their respective affirmative action plans and equal opportunity requirements approved by the affirmative action office of the City.

F. That if and when the Bonds are issued by the City such Bonds shall be designated by the City Council of the City as bonds entitled to the security provided by Chapter 424 of the City Code of Ordinances and that the Bonds hereby requested to be designated shall not exceed \$6,000,000 or such other amount approved by the City not exceeding such sum by more than ten percent (10%).

G. This Resolution shall constitute the official intent of the City to reimburse expenditures by the Company with respect to the Project, within the meaning of Section 1.150-2 of the Treasury Regulations.