



## Request for MCDA Board of Commissioners Action from the Department of Community Planning & Economic Development - CPED

Date: November 18, 2014

To: Council Member Lisa Goodman, Chair, Community Development  
& Regulatory Services Committee

Referral to: MCDA Board of Commissioners

**Subject:** A Request for Preliminary and Final Approval of Modifications to  
Minneapolis Community Development Agency, Series 2010,  
501(c)(3) Bank Qualified Bank Direct Tax-exempt Revenue Bonds for  
Tubman.

**City Council Recommendation:** Adopt the attached Resolution, giving Preliminary and Final Approval of Modifications to Minneapolis Community Development Agency, Series 2010, 501(c)(3) Bank Qualified Bank Direct Revenue Bonds for Tubman. Forward this report to the Minneapolis Community Development Agency Board of Commissioners.

**MCDA Board Recommendation:** Adopt the attached Resolution giving Preliminary and Final Approval of Modifications to Minneapolis Community Development Agency, Series 2010, Tax-exempt 501(c)(3) Bank Qualified Bank Direct Revenue Bonds, for Tubman.

**Previous Directives:** April 26, 2010 The City Council and the Minneapolis Community Development Agency Board of Commissioners approve the issuance of \$4,146,000 in Bank Qualified Bank Direct 501 (c)3 Tax-exempt Revenue Bonds to be issued in three series for the Tubman Project. The bond funds were used to refinance the Chrysalis Center at 4432 Chicago and the Tubman Center East in Maplewood.

Prepared by: Charles Curtis	
Approved by: Charles T. Lutz, Deputy Director CPED	_____
Catherine A. Polasky, Director, Economic Development	_____
Presenters in Committee: Charles Curtis 612-673-5069	

**Reviews**

- Permanent Review Committee (PRC): NA

**Financial Impact**

- Other financial impact: The modified revenue bonds for \$3,688,994 will continue to generate revenue bond administrative fees of approximately \$9200 a year.

**Community Impact**

- Neighborhood Notification: NA Modification of bonds only
- City Goals: The existing Chrysalis Center contributes to Living Well in the City
- Sustainability Targets: NA
- Comprehensive Plan: The Chrysalis Center is an existing facility
- Zoning Code: The Chrysalis Center is an existing facility
- Living Wage/Business Subsidy Agreement Yes \_\_\_\_ No  X
- Job Linkage Yes \_\_\_\_ No  X

**Supporting Information**

**Project Location & Description:** The Tubman Main Office is located at 3111 First Ave South. In 2010, the City Council and the Minneapolis Community Development Agency Board of Commissioners approved the issuance of \$4,146,000 in Bank Qualified Bank Direct Tax-exempt Revenue Bonds to be issued in three series. Series 2010 A, in the amount of \$1,200,000, was used to refinance debt at the Chrysalis Center at 4432 Chicago Avenue. Series B and C, in the amount of \$2,946,000, were used for refinancing debt and facility improvements at Tubman Center East in Maplewood. All of the 2010 Bonds were purchased by Bremer Bank. Currently the Series A Bonds have an outstanding principal of \$927,500. The Series B and Series C bonds have outstanding principal of \$2,761,500. Tubman and Bremer Bank have negotiated a reduction in the interest on the Series A and Series B bonds. The rate will be reduced from 4.25% to 3.6% and will change from a variable rate to a fixed rate. The Term of the Bonds will remain unchanged on April 29, 2020. In order to complete the interest rate change on the bonds, the City Council and Minneapolis Community Development Agency Board of Commissioners are being requested to authorize the amendment of the bonds.

While not a part of the bond modifications, Tubman and Bremer Bank will also modify the related mortgage to clarify the terms for the release of the Chrysalis Center when the Series A Bonds are paid off.

**Type of Financing:** Modification of Minneapolis Community Development Agency, Series 2010, 501 (c)3 Tax-exempt Revenue Bonds.

**Present Employment:** Tubman has 78 full time and 54 part time employees

**Bond Counsel:** Gray Plant Mooty

Resolution  
Of the  
City of Minneapolis

Giving approval to and authorizing the amendment of revenue bonds previously issued by the Minneapolis Community Development Agency on behalf of Tubman (the "Company").

Whereas, pursuant to Laws of Minnesota 1980, Chapter 595, as amended ("Chapter 595"), the City Council of the City of Minneapolis, Minnesota (the "City") established the Minneapolis Community Development Agency (the "Agency") and granted certain powers and duties to the Agency; and

Whereas, pursuant to such granted powers, the Agency has been authorized to issue revenue obligations for various purposes; and

Whereas, the Agency has previously issued its \$4,146,000 aggregate principal amount of Revenue Bonds (Tubman Project) Series 2010A, 2010B and 2010C (the "Bonds"), which are currently outstanding in the aggregate principal amount of approximately \$3,680,439, to refinance the Company's facility located at 4432 Chicago Avenue South in the City, and to refinance and improve the Company's facility located at 1725 Monastery Way in the City of Maplewood; and

Whereas, the Company and Bremer Bank, National Association, the holder of the Bonds, have proposed an amendment to the Bonds to adjust the interest rate thereon; and

Whereas, the Agency expects to give approval to the amendment of the Bonds by a resolution to be adopted on the date hereof;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the City Council hereby gives approval to the amendment by the Agency of the Bonds.

That the amended Bonds are hereby designated as a "Program Bond" and is determined to be within the "Economic Development Program" and the "Program," all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.

Resolution  
Of the  
Minneapolis Community Development Agency

**Relating to the Minneapolis Community Development Agency Revenue Bonds (Tubman Project) Series 2010A, 2010B and 2010C; authorizing the amendment thereof.**

Be It Resolved by the Board of Commissioners (the "Board") of the Minneapolis Community Development Agency (the "Agency"), as follows:

Section 1. Definitions.

1.01. In this Resolution the following terms have the following respective meanings unless the context hereof or use herein clearly requires otherwise:

"Amendment Agreement" means the Amendment Agreement among the Agency, the Borrower and the Holder relating to the amendment of the Bonds;

"Agreement" means the Loan Agreement entered into between the Agency and the Borrower relating to the Bonds;

"Bonds" means the Revenue Bonds (Tubman Project), Series 2010A, 2010B and 2010C previously issued by the Agency in the original aggregate principal amount of \$4,146,000, and currently outstanding in the aggregate principal amount of approximately \$3,680,439;

"Bond Documents" means the Agreement, the Pledge Agreement, the Mortgage and the Bonds;

"Borrower" means Tubman, a Minnesota nonprofit corporation, its successors and assigns;

"City" means the City of Minneapolis, Minnesota;

"Holder" means Bremer Bank, National Association, the registered holder of the Bonds;

"Mortgage" means the Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Financing Statement granted by the Borrower to the Holder as security for the Bonds;

"Pledge Agreement" means the Pledge Agreement entered into between the Agency and the Holder relating to the Agreement and the Bonds;

"Project" means the refinancing of the Borrower's facility located at 4432 Chicago Avenue South in the City, and the refinancing and improvement of the Borrower's facility located at 1725 Monastery Way in the City of Maplewood, financed with the proceeds of the Bonds, as further defined in the Agreement.

## Section 2. Authorization and Approval of Amended Bonds.

2.01. Request. The Borrower and Bremer Bank, National Association, the Holder of the Bonds, have requested that the Agency authorize the amendment of the Bonds to provide for an adjustment of the interest rate thereon.

2.02. Approval of Amended Bonds. Pursuant to the foregoing, there has been prepared the Amended and Restated Revenue Bonds (Tubman Project) Series 2010A, 2010B and 2010C (the "Amended Bonds"), which are now or shall be placed on file in the office of the Agency.

The Amended Bonds are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by the Agency.

2.03. Execution of Amended Bonds and Related Documents. Upon the completion of the Amended Bonds, the Deputy Executive Director and Finance Officer (or Assistant Finance Officer) shall execute the same on behalf of the Agency, and the foregoing persons and other officers of the Agency shall execute the Amendment Agreement and such other certifications, documents or instruments as Bond Counsel shall require, subject to the approval of the Agency, and all certifications, recitals and representations therein shall constitute the certificates, recitals and representations of the Agency. Execution of any instrument or document by one or more appropriate officers of the Agency shall constitute and shall be deemed the conclusive evidence of the approval and authorization by the Agency and the Board of the instrument or document so executed.

## Section 3. Limitations of the Agency's and City's Obligations.

3.01. Notwithstanding anything contained in the documents relating to the Amended Bonds, the Amended Bonds and any premium and interest thereon shall not constitute an indebtedness of the Agency or City within the meaning of any constitutional, charter or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Agency or City or a charge against their general credit or taxing powers and shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Agency or City, and no Holders of the Amended Bonds shall ever have the right to compel any exercise of the taxing power of the Agency or City to pay the Amended Bonds or the interest thereon or to enforce payment thereof against any property of the Agency or City. The agreement of the Agency to perform the covenants and other provisions contained in the documents relating to the Amended Bonds shall be subject at all times to the availability of revenues furnished by the Borrower sufficient to pay all costs of such performance or the enforcement thereof, and neither the Agency or City nor any of their officers, employees or agents shall be subject to any personal or pecuniary liability thereon.

Section 4. Agency Representative.

4.01. The Finance Officer or Assistant Finance Officer of the Agency is hereby designated and authorized to act on behalf of the Agency for purposes of the documents relating to the Amended Bonds.

Section 5. Governmental Program.

each hereby designated as a "Program Bond" and are determined to be within the "Economic Development Program" and the "Program," all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.