



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: September 14, 2004

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by: Charles Curtis, Financial Analyst Phone 612-673-5069
Presenter in Committee: Charles Curtis, Financial Analyst

Approved by Chuck Lutz, Deputy CPED Director_____

Subject: Public Hearing and Preliminary Approval of up to \$7,000,000 in Tax-exempt Revenue Bonds to be issued through the Common Bond Fund

RECOMMENDATION: The CPED Director recommends that the City Council adopt the attached Resolution, following a public hearing held on September 14, 2004, giving Preliminary Approval of up to \$7,000,000 in Tax-exempt Limited Tax Supported Development Revenue Bonds, Common Bond Fund, Series 2004, for EDBAR Family Limited Partnership/Ambassador Press, Inc. 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, Tax Reserve and Pledge Ordinance.

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

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact: The issuance of revenue bonds will generate annual administrative fees that are used to support the small business assistance programs of the City.
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward:	5
Neighborhood Notification:	Near North Neighborhood has been notified
City Goals:	The proposed project is consistent with Goal 1 to increase the City's economic competitiveness and extend the benefits of the growing economy to Minneapolis residents.
Comprehensive Plan:	The facility was completed in 1998. The facility is consistent with the current Plan.
Zoning Code:	The facility was completed in 1998. The facility is in compliance.
Living Wage/Job Linkage:	Living Wage does not apply. A Job Linkage Agreement will be executed.
Other:	An updated Affirmative Action Plan will be executed.

Background/Supporting Information

PROJECT LOCATION AND DESCRIPTION:

The proposed project consists of the addition of 20,000 square feet to the existing 51,000 square foot facility at 1400 Washington Avenue North and the purchase and installation of printing equipment.

Most of the proposed investment in equipment consists of large high-speed printing presses.

Ambassador Press, Inc has been in business for over 40 years. The company is a commercial printing operation.

TYPE OF FINANCING:

<u>Sources:</u>	Tax-exempt Revenue Bonds	\$7,000,000
	Equity	<u>700,000</u>
	Total	\$7,700,000
<u>Uses:</u>	Addition to building	\$ 900,000
	Equipment purchases	6,000,000
	Costs of Issue / Reserve	<u>800,000</u>
	Total	\$7,700,000

PRESENT EMPLOYMENT:

77
10 Minneapolis Resident

NEW EMPLOYMENT:

12

ASSESSOR'S ESTIMATED ANNUAL TAX INCREASE:

\$35,000

AFFIRMATIVE ACTION COMPLIANCE:

Ambassador Press, Inc:
The company will complete an updated Affirmative Action Plan prior to closing.

IRB POLICIES:

Job Component

Minimum standard of one (1) job per 1,000 square feet of building area.

Ambassador Press, Inc:
In Compliance.

Property Improvements

No more than 25% of the bond proceeds may be used for land acquisition. If purchasing an existing building, an amount equal to at least 15% of the acquisition cost must be spent on rehabilitation expenditures.

Ambassador Press, Inc:
In Compliance.

Development Standards

Compliance with the Land Use Plan of the City's Comprehensive Plan.

Ambassador Press, Inc:
The existing facility was completed in 1998.
In compliance.

Equipment Financing

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 bonds proceeds may be used to finance movable equipment not constituting a fixture.

Ambassador Press, Inc:
In compliance.

Restaurant/Bank

IRB financing is allowed for a restaurant or a bank if it is built in a Redevelopment Area. No more than 25% of the bond proceeds can be used to finance retail food and beverage establishments, automobile dealership or recreation or entertainment facilities.

Ambassador Press, Inc:
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, Inc:
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 Preliminary Approval.

BOND COUNSEL:

Gray, Plant & Mooty

FINANCIAL ADVISOR:

Dougherty & Company, LLC

**REFIEW BY THE COMMON BOND FUND
COORDINATING COMMITTEE:**

An initial review of the proposed project has been made. Preliminary approval was granted, subject to final terms and conditions.