

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 (Explain): The issuance of revenue bonds for the YMCA of Minneapolis will generate revenue bond administrative fees of approximately \$12,500 a year that are used to support the small business assistance programs of the City of Minneapolis.

Request provided to the Budget Office when provided to the Committee Coordinator.

Ward: The YMCA Minneapolis facilities are located in Wards: 1,2,3,5,7,9,10 and 11.

Neighborhood Notification: The following neighborhood organizations have been notified of the YMCA projects: Downtown Minneapolis Neighborhood Association, Jordan Area Community Council, Marcy-Holmes Neighborhood Association, Holland Neighborhood Improvement Association, Tangletown Neighborhood Association, Northside Residents Redevelopment Council, Logan Park Neighborhood Association, and the Standish-Ericsson Neighborhood Association.

City Goals: The proposed project is consistent with maximizing economic development within the City by focusing on its physical and human assets.

Comprehensive Plan: These facilities comply with the Minneapolis Plan.

Zoning Code: Projects will remain in compliance with City zoning codes.

Living Wage/Job Linkage: This project is a 501(c)(3) conduit financing and is not subject to Living Wage/Business Subsidy.

Background/Supporting Information:

The YMCA of Minneapolis has applied to the City of Minneapolis for revenue bond financing for various construction, renovation, and equipment purchases to various administrative office, community program and health enhancement facilities located at the following addresses:

Minneapolis facilities:

1. 30 S. Ninth Street, Downtown Branch (Ward 7)
2. 2125 E. Hennepin Ave., Shared Administrative Center (Ward 1)
3. 4 W. Rustic Lodge, Camping Services (Ward 11)
4. 3335 Blaisdell Ave. S., South Mpls. Branch (Ward 10)
5. 4100 28th Ave. S., South Mpls. Branch and Youth in Government (Ward 9)
6. 1711 West Broadway, North Community Branch (Ward 5)
7. 1801 University Ave. S.E., University Branch (Ward 2)
8. 2304 Jackson St. N.E., Emma Howe Family Branch (Ward 3)

Metro facilities:

1. 8950 Springbrook Drive, Emma Howe Northtown Family Branch, Coon Rapids
2. 15200 Hanson Blvd., Andover
3. 13850 Portland Ave. S., Minnesota Valley Branch, Burnsville
4. 7601 42nd Ave., Northwest Branch, New Hope
5. 12301 Ridgedale Drive, Ridgedale Branch, Minnetonka
6. 7355 York Ave. S., Southdale Branch, Edina

TYPE OF FINANCING:

Sources:

Bank Qualified Bank Direct	\$5,000,000
Tax-exempt Revenue Bonds	
Equity from YMCA	<u>600,000</u>
	\$5,600,000

Uses:

Renovations & equipment for Minneapolis facilities	\$2,500,000
Renovations & equipment for other metro facilities	\$2,950,000
Issuance costs on financing	<u>150,000</u>
	\$5,600,000

It is anticipated that the financing for the above projects would total about \$5 million, with roughly one-half of the funds spent on the Minneapolis facilities and the other half spread among the other metro facilities. The tax-exempt 501(c)(3) revenue bonds will be structured as a private placement with a local lender through our bank direct bank qualified revenue bond program.

PRESENT EMPLOYMENT:

The YMCA of Metropolitan Minneapolis employs 2,000 people, including part-time employees. Of the 2,000 employees, 400 are employed in the eight facilities located in Minneapolis, with the balance located in the other metro-area facilities.

NEW EMPLOYMENT:

No new employment expected as a result of the financing.

ASSESSOR'S ESTIMATED ANNUAL TAX INCREASE:

As a 501(c)(3) organization there is no tax impact as a result of the project.

AFFIRMATIVE ACTION COMPLIANCE:

YMCA has on file a City approved Affirmative Action Plan.

CITY IRB POLICIES:

Job Component

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

YMCA: In compliance.

Property Improvements

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.

YMCA: In compliance.

Development Standards

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

YMCA: Projects comply.

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

YMCA: Projects comply.

Restaurant/Bank

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

YMCA: N.A.

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.

YMCA: N.A.

IRB CAP:

The project is not subject to the volume cap, in that the project is exempt from income tax under Internal Revenue Code Section 501(c)(3) for its exempt purposes and is classified thereunder as a non-profit organization.

BOND COUNSEL:

Gray, Plant & Mooty, LLP

UNDERWRITER:

U.S. Bank

YMCA Bank Qualified MCDA Report

Community Planning & Economic Development

Planning Division

350 South 5th Street, Room 210
Minneapolis, MN 55415-1385
612-673-2597 Fax: 612-673-2728



MEMORANDUM

Date: August 5, 2005

To: Bob Lind, Manager
Business Finance

From: Pam Miner, Supervisor
Community Planning

Subject: YMCA revenue bond request

The YMCA has scattered sites in Minneapolis; various policies of *The Minneapolis Plan* support the services provided by this organization. As with any construction of new or renovation of existing structures, construction at each site will need to conform to existing regulations including zoning. Comprehensive plan policies will be enforced at that time through the zoning code.

The proposed revenue bond action is not inconsistent with *The Minneapolis Plan*.

REFERRED TO (NAME OF) COMMITTEE:
DATE:

**RESOLUTION
of the
CITY OF
MINNEAPOLIS**

By _____

Giving preliminary and final approval to and authorizing the financing of a project on behalf of The Young Men's Christian Association of Metropolitan Minneapolis (the "Company"), and authorizing the issuance of a revenue bond of the Minneapolis Community Development Agency therefor.

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, it has been proposed that the Agency issue a revenue bond in an amount not to exceed \$5,000,000 (the "Bond") to finance various construction, renovation, equipment and related costs incurred or to be incurred by the Company with respect to various administrative office, community program and health enhancement facilities located in Minneapolis and other cities in the metropolitan area (the "Project"); and

Whereas, the property included in the Project will be owned by the Company, which is a Minnesota corporation;

Whereas, the Agency expects to give final approval to the issuance of the Bond by a resolution to be adopted on the date hereof; and

Whereas, the Bond shall bear interest either at a variable interest rate expected to not exceed 75% of the sum of the one-month LIBOR plus 150 basis points, or at a fixed interest rate expected to not exceed 5.50% per annum, shall have a final maturity date not later than December 1, 2020, and shall have such other terms as required or permitted by the Agency's resolution, which terms are to be incorporated herein by reference;

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

That the City Council hereby gives preliminary and final approval to the issuance by the Agency of the Bond in a principal amount not to exceed \$5,000,000 for the purpose of financing the Project.

That the Bond is 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.

Certified as an official action of the City Council:

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
President Ostrow							Goodman						
							Lilligren						
Zerby							Schiff						
Samuels							Niziolek						
Johnson							Benson						
Johnson Lee							Colvin Roy						
Zimmermann							Lane						

PASSED _____
 VETOED _____

DATE

APPROVED NOT APPROVED

ATTEST _____
 CITY CLERK

 MAYOR DATE

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Relating to the Minneapolis Community Development Agency Revenue Bond (YMCA of Metropolitan Minneapolis Project) Series 2005; authorizing the issuance thereof pursuant to Minnesota Statutes, Sections 469.152 to 469.1651, as amended.

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:

"Act" means Minnesota Statutes, Sections 469.152 to 469.1651, as amended;

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

"Bond" means the Revenue Bond (YMCA of Metropolitan Minneapolis Project), Series 2005 to be issued by the Agency pursuant to this Resolution in the principal amount of up to \$5,000,000;

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

"Borrower" means The Young Men's Christian Association of Metropolitan Minneapolis, a Minnesota corporation, its successors and assigns;

"City" means the City of Minneapolis, Minnesota;

"Holder" means the registered holder of the Bond;

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

"Project" means various construction, renovation, equipment and related costs incurred or to be incurred by the Borrower with respect to various administrative office, community program and health enhancement facilities located in the City and certain other cities in the metropolitan area;

"Resolution" means this resolution of the Agency.

Section 2. Findings.

2.01. It is hereby found and declared that:

(a) based upon representations made to the Agency by representatives of the Borrower as to the nature of the Project as described in the Agreement, the Project constitutes a project authorized by the Act;

(b) the purpose of the Project is and the effect thereof is to promote the provision of social service facilities;

(c) the financing of the Project, the issuance and sale of the Bond, the execution and delivery of the Bond Documents and the performance of all covenants and agreements of the Agency contained in the Bond Documents and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Bond Documents valid and binding obligations of the Agency in accordance with their terms are authorized by the Act;

(d) it is desirable that the Bond be issued by the Agency upon the terms set forth herein and that the Agency pledge its interest in the Agreement and grant a security interest therein to the Holder as security for the payment of the principal of, premium, if any, and interest on the Bond;

(e) the loan payments contained in the Agreement are fixed and are required to be revised from time to time as necessary, so as to produce income and revenue sufficient to provide for prompt payment of the principal of, premium, if any, and interest on the Bond when due, and the Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the facilities included in the Project, including, but not limited to, adequate insurance thereon and all taxes and special assessments levied upon or with respect to the facilities included in the Project and payable during the term of the Agreement;

(f) under the provisions of the Act, the Bond is not to be payable from nor charged upon any funds of the Agency or City other than the revenue pledged to the payment thereof; the Agency and City are not subject to any liability thereon; no Holder of the Bond shall ever have the right to compel any exercise of the taxing power of the Agency or City to pay the Bond or the interest thereon nor to enforce payment thereof against any property of the Agency or City; the Bond, premium, if any, 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;

(g) the execution and delivery of the Bond Documents shall not conflict with or constitute, on the part of the Agency, a breach of or a default under any existing agreement, indenture, mortgage, lease or other instrument to which the Agency is subject or is a party or by which it is bound; provided that this finding is made solely for the purpose of estopping the Agency from denying the validity of the Bond Documents by reason of the existence of any facts contrary to this finding;

(h) no litigation is pending or, to the best knowledge of the members of this Board, threatened against the Agency questioning the organization of the Agency or the right of any officer of the Agency to hold his or her office or in any manner questioning the right and power of the Agency to execute and deliver the Bond or otherwise questioning the validity of the Bond or the execution, delivery or validity of the Bond Documents or questioning the pledge of revenues to payment of the Bond or the right of the Agency to loan the proceeds of the Bond to the Borrower;

(i) all acts and things required under the Constitution and the laws of the State of Minnesota to make the Bond Documents the valid and binding limited obligations of the Agency in accordance with their terms shall have been done upon adoption of this Resolution and execution of the Bond Documents; provided that this finding is made solely for the purpose of estopping the Agency from denying the validity of the Bond Documents by reason of the existence of any facts contrary to this finding; and

(j) the Agency is duly organized and existing under the Constitution and the laws of the State of Minnesota and is authorized to issue the Bond in accordance with the Act.

Section 3. Authorization and Approval of Documents.

3.01. Authorization. The Agency is authorized by the Act to issue revenue bonds and loan the proceeds thereof to finance the acquisition, construction, installation and equipping of facilities constituting a "project" as defined in the Act, and to make all contracts, execute all instruments and do all things necessary or convenient in the exercise of such authority.

3.02. Approval of Documents. Pursuant to the foregoing, there have been prepared copies of the following documents, all of which are now or shall be placed on file in the office of the Agency:

(a) the Agreement;

- (b) the Pledge Agreement; and
- (c) the Bond.

The forms of the documents listed above are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by the Agency.

Section 4. Execution of Bond Documents.

4.01. Upon the completion of the Bond Documents approved in Section 3.02 hereof and the execution thereof by the other parties thereto, the Executive Director (or Deputy Executive Director) and the 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 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 5. The Bond.

5.01. Form and Authorized Amount. The Bond shall be issued substantially in the form on file with the Agency on the date hereof with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The terms of the Bond are set forth therein, and such terms, including, but not limited to, provisions as to interest rate, dates and amount of payment of principal and interest and prepayment privileges, are incorporated by reference herein. The Bond shall bear either a variable rate of interest expected to not exceed 75% of the sum of the one-month LIBOR plus 150 basis points, or at a fixed interest rate expected to not exceed 5.50% per annum. The Bond shall mature on or before December 1, 2020.

5.02. Execution. The Bond shall be executed on behalf of the Agency by the persons described in Section 4.01 hereof. In case any officer whose signature shall appear on the Bond shall cease to be such officer before the delivery thereof, such signature shall, nevertheless, be valid and sufficient for all purposes.

5.03. Delivery and Use of Proceeds. Prior to delivery of the Bond, the documents referred to in Section 3.02 hereof shall be completed and executed in form and substance as approved by the Agency. The Agency shall thereupon deliver to the Holder the Bond together with a certified copy of this Resolution and such closing certificates as are required by bond counsel.

Section 6. Limitations of the Agency's and City's Obligations.

6.01. Notwithstanding anything contained in the Bond Documents, the Bond 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 Holder of the Bond shall ever have the right to compel any exercise of the taxing power of the Agency or City to pay the Bond 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 this Resolution or the Bond Documents 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 7. Agency Representative.

7.01. 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 Bond Documents.

Section 8. Governmental Program.

8.01. The Bond is 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.

Section 9. Bank Qualification.

9.01. In order to qualify the Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the Agency makes the following representations:

(a) The Agency hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code;

(b) The reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the Agency (and all subordinate entities whose obligations will be aggregated with those of the Agency) during this calendar year 2005 will not exceed \$10,000,000; and

(c) Not more than \$10,000,000 of tax-exempt obligations issued by the Agency during this calendar year 2005 have been designated as qualified tax-exempt obligations for purposed of Section 265(b)(3) of the Code.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman,						
Niziolek							chair						
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED _____ _____ Chairperson

APPROVED
NOT APPROVED _____ _____ Mayor
VETOED

Minneapolis Community Development Agency
 Crown Roller Mill 105 Fifth Ave S
 Minneapolis MN 55401