CITY OF ST. PAUL PARK, MINNESOTA

PROCEDURE

FOR

APPLICATION TO
CITY OF ST. PAUL PARK, MINNESOTA

FOR

PRIVATE ACTIVITY REVENUE BOND FINANCING

Approved by the St. Paul Park City Council
Effective as of November 18, 2013

City Administrator
City of St. Paul Park
600 Portland Avenue
St. Paul Park, MN  55071
PART I

GENERAL

Under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 to 469.1655, as amended (the “Industrial Development Act”), the City of St. Paul Park has authority to issue revenue bonds or notes to attract or promote economically sound industry and commerce to the City.

Under Minnesota Statutes, Chapter 462C, as amended (the “Housing Act”), the City is authorized to issue housing revenue bonds to finance multi-family residential housing projects for low and moderate income persons and elderly persons. Projects must be embodied in a Housing Program as that term is defined in the Housing Act.

The Council is aware that such financing for certain private activities may be of benefit to the City and will consider requests for tax-exempt financing subject to these Guidelines. The Council considers tax-exempt financing to be a privilege, not a right.

It is the judgment of the Council that tax-exempt financing is to be used on a selective basis to encourage certain development that offers a benefit to the City as a whole, including significant employment and housing opportunities. It is the applicant’s responsibility to demonstrate the benefit to the City, both in writing and at the required public hearing. The applicant should understand that although approval may have been previously granted by the City for the issuance of bonds to finance a similar project or the issuance of bonds with a similar debt structure, that is not a basis upon which approval will be granted. Each application will be judged on the merits of the project as it relates to the public purposes of the Housing Act or the Industrial Development Act and the benefit to the City at the time the request for financing is being considered.

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PART II
GUIDELINES

1. The Council will consider tax-exempt financing for commercial, industrial, health care, and any other projects authorized to be financed under the Industrial Development Act (referred to as “non-housing projects”) and housing projects under the Housing Act. An applicant for tax-exempt financing must submit to the City the application contained in Part IV of these Guidelines.

2. Projects must be compatible with the overall development plans and objectives of the City and comply with the zoning and land use regulations of the City.

3. An application will not be considered by the Council until tentative City Code findings and requirements have been made with respect to zoning, concept building plans, platting, streets, and utility services. The application must be accompanied by the addendum contained in Part V of these Guidelines and must provide information as to the project’s need for municipal services including, but not limited to, street improvements, water and sewer services, and police and fire protection. The application must also be accompanied by the indemnification letter contained in Part VI.

4. The project must be a positive benefit to the City. The project must be of a nature that the City wishes to attract, or an existing business which the City wishes to expand within the City, considering employment opportunities, incentive for further development, impact on City services, and support for the industrial, commercial or health care or educational facilities currently located in the City. A housing project must provide significant housing opportunities for low and moderate income persons or the elderly.

5. The City will, if requested, grant an applicant a pre-application review. The purpose of the pre-application review is to inform applicants of the possibility of rejection or the possible bases for such rejection. The fact that the project is not rejected at the pre-application stage is not to be construed as approval of the project or as an indication that the project will be approved upon formal request to the Council. Requests for tax-exempt financing may be rejected by the City whether or not the project was submitted to a pre-application review and regardless of the outcome or recommendation of that pre-application review.

A request for pre-application review must be in writing, addressed to the City Administrator, and set forth the name of the project, the type of project intended and the name, address and telephone number of the person who will be representing the applicant at the pre-application review, together with such additional information as the applicant desires to submit and payment of the fee contained in the current fee schedule for a pre-application review for tax-exempt financing.

6. The applicant may select a qualified financial adviser or underwriter to assist the applicant in preparing all necessary application documents and materials. The financial adviser or underwriter will be required to submit a letter that establishes the financial feasibility of the project. Applications may, in the alternative, include a signed letter from a responsible financial institution that plans on purchasing the tax-exempt obligations indicating that the project is economically feasible and viable and stating that bonds can be successfully sold for the project or that an individual or institution intends to purchase all of the bonds.
The applicant must receive approval from the appropriate state agencies, secure financing and commence construction within one year of the date of the resolution giving preliminary approval to the project or the housing program. Upon application, the Council may approve an extension of the preliminary approval.

The City will appoint bond counsel for the bond issue, which will normally be the City’s regularly retained bond counsel.

7. Pursuant to the Industrial Development Act and the Housing Act, consideration of an application for tax-exempt financing must be done at a public hearing held by the Council. Modifications to the project after the public hearing and preliminary approval must be consistent with the scope of the project as proposed at the time of preliminary approval.

8. The City is to be reimbursed and held harmless for and from any out-of-pocket expenses related to the tax-exempt financing including, but not limited to, legal fees, financial analyst fees, bond counsel fees, the City staff’s expenses in connection with the application, and any deposits or application fees required under state law in order to secure allocation of bonding authority. The applicant must execute a letter to the City undertaking to pay all such expenses. A form of the required letter is set forth as Part VII of these Guidelines. A non-refundable application fee in the amount of $1,000 must be included with the submission of the application.

9. The City charges an administrative fee for the issuance of tax-exempt obligations. A one-time administrative fee of 0.50% of the aggregate principal amount of the bonds shall be payable upon closing. In the case of a refinancing of a bond previously issued by the City, the fee shall be calculated at 50% of the above schedule.

10. If the City determines that issuance of the bonds requested by the applicant is reasonably expected to cause governmental bonds issued by the City in that calendar year to be ineligible for designation as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (also known as “bank qualified”), the applicant will be required to reimburse the City, at the time of issuance of the City’s bonds, for any interest rate differential between bank qualified and non-bank qualified bonds.

11. Applications for financing must be made on the forms attached to these Guidelines. In addition, the applicant must furnish a description of the project, a brief description of applicant and the proposed financing in such form as required at the time of application.

12. The Council may, in its sole discretion, impose conditions exceeding those required under the City building code in respect to exterior building materials, landscaping, signage lighting, and such other aspects as the Council may consider appropriate on a case-by-case basis.

13. The Council may, in its sole discretion, withdraw its preliminary approval of a project any time if in its judgment the purposes of the Act will not be served by going forward with the project and its financing.

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PART III

MISCELLANEOUS MATTERS

1. Ratings. The City will give its most favorable consideration to proposed tax-exempt bond issues that have the same rating as the City’s obligations by Moody’s Investment Service or Standard & Poor’s Corporation. Issues carrying lower ratings or non-rated issues may be sold only to institutional or other investors on a private placement basis. The Council may depart from this guideline when in its judgment the project is of a level of merit and public purpose to justify the departure; and in case of such a departure the Council must state its reasons therefor in the resolution awarding the sale of the bonds.

2. Refundings. The Council will normally approve the refunding of a tax-exempt issue but only upon a showing by the applicant of (i) substantial debt service savings, (ii) the removal of bond covenants significantly impairing the financial feasibility of the project, or (iii) if required by the bond documents. In the case of refundings of bonds for which the administrative fee listed in paragraph 9 of Part II has been paid in full, no new administrative fees are required; but the non-refundable application fee must be paid together with all City expenses in excess of that fee. If the administrative fees for the refunded bonds are not paid in full upon closing on the refunding bonds, such fees must continue to be paid for the refunding bonds.

In the case of refundings of bonds where no administrative fee has been paid, the administrative fees listed in paragraph 9 of Part II must be paid. The application form is to be appropriately modified.

3. Subsequent Proceedings. Where changes to the underlying documents or credit facilities of outstanding bond issues are to be made and require Council action (including changes that are a “deemed reissuance” under Internal Revenue Service regulations), no administrative fee is charged but a non-refundable fee as specified in the current fee schedule must be paid to the City to cover administrative costs. No formal application form is required.

4. Issue by Another Political Subdivision. The City will consider requests for tax-exempt financing of projects in the City by other political subdivisions. In these cases the non-refundable application fee must be paid. No administrative fee is charged, except actual cost incurred by the City must be reimbursed. The City reserves the right to reject such requests for any reason, including without limitation a determination by the City that such issuance by another political subdivision would impair the City’s ability to issue governmental bonds as “bank qualified bonds” (as defined in Part II, paragraph 9) in that calendar year.

5. City Contact. Initial contacts about tax-exempt financing are made by contacting the City Administrator at City Hall, 600 Portland Avenue, St. Paul Park, Minnesota 55071.

6. Deadlines. The Council conducts all tax-exempt financing matters at regularly scheduled Council meetings held on the first and third Monday of each month. Documents for Council consideration must be at the City office seven (7) days before the Council meeting at which the matter is to be considered. In the case of a publicly offered bond issue, the documents, when submitted, may specify a maximum price and maximum effective interest rate if prices and rates have not yet been established.
7. **Post-Issuance Compliance.** The City will require that each borrower demonstrate to the City that the borrower will comply with substantially the same procedures for post-issuance compliance that apply to City governmental bonds under the City’s Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds, approved June 18, 2012, as amended from time to time. The City may require that borrowers retain a trustee and/or an independent arbitrage consultant for the term of the bonds.

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PART IV

APPLICATION FOR TAX-EXEMPT FINANCING

1. APPLICANT
   a. Business Name:
   b. Business Address:
   c. Business Form (corporation, partnership, sole proprietorship, etc.):
   d. Authorized Representative:
   e. Principal contact person and telephone number:

2. PURPOSE OF REQUESTED FINANCING:
   a. New Facility (describe):
   b. Acquisition of Facility (describe):
   c. Expansion (describe):
   d. Refunding (attach explanatory letter)

3. GIVE BRIEF DESCRIPTION OF NATURE OF BUSINESS, PRINCIPAL PRODUCTS, ETC.:

4. ESTIMATED PROJECT COSTS: (Not required for refunding)

   Land $______________
   Building
   Equipment
   Architectural, Engineering
   Costs of Issuance
   Capitalized Interest, including discount
   Other
   Total Financing Requested $______________

5. AMOUNT OF FINANCING REQUESTED: $______________
6. **TYPE OF FINANCING PROPOSED:**

   Bonds ______

   Expected Term of Financing ______ Years

   Security:

   Mortgage ______

   Letter of Credit ______

   Guaranty (third party) ______

   Guaranty (personal) ______

   Unsecured ______

   Other (specify) ______

7. **BUSINESS PROFILE:** (Not required for refunding)

   a. Is the business located in the City of St. Paul Park now?

   b. Number of employees in City:

      1) Before this project:

      2) After this project:

   c. Approximate annual sales:

   d. Length of time in business:

      Length of time in business in City:

   e. Do you have other locations? If so, where?

8. **NAMES OF:**

   a. Underwriter (name and contact person):

   b. Corporate Counsel:

   c. Underwriter’s Counsel:
9. WHAT IS YOUR TARGET DATE FOR:
   a. Construction start:
   b. Construction completion:

10. FOR HOUSING PROJECTS ONLY, PLEASE PROVIDE THE FOLLOWING INFORMATION:

<table>
<thead>
<tr>
<th>PROJECT INFORMATION</th>
<th>RENT</th>
<th>UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>$__________</td>
<td>______</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>$__________</td>
<td>______</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$__________</td>
<td>______</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>$__________</td>
<td>______</td>
</tr>
<tr>
<td>Parking (included in rent/ not included in rent)</td>
<td>$__________</td>
<td>______</td>
</tr>
<tr>
<td>Laundry</td>
<td>$__________</td>
<td>______</td>
</tr>
</tbody>
</table>

Utilities included in monthly rent: ________________________________
____________________________________________________________________
____________________________________________________________________

SOURCES AND USES

Please provide a list of the sources of revenues to be used for the Project and the Expenditures association with the Project, including but not limited to land costs, construction costs, equipment and furnishings, developer equity, capitalized interest

CONSTRUCTION AND LEASE-UP SCHEDULE

Anticipated construction commencement date:

Anticipated construction completion date:

First Year Lease-Up Anticipated Vacancy Rate:

Anticipated First Year of Full Lease Up (92% or more units leased):

10. ATTACHMENTS:
   a. Initial application fee
   b. Indemnification Letter of Agreement
I certify that the information provided above contains no misrepresentations, omissions or concealments of material facts and that the information given is true and complete to the best of my knowledge. I have been furnished a copy of the Procedure for Application to the City of St. Paul Park for Private Activity Revenue Bond Financing and am aware of its content and agree to be bound by its terms and the terms of the indemnification letter.

______________________________
Signature

______________________________
Date

______________________________
Title

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PART V

ADDENDUM TO APPLICATIONS

The following items must be attached to each application:

APPENDIX A

A brief description of the organizational structure of Applicant, including parent subsidiary and affiliate organizations (if applicant is other than an individual).

APPENDIX B

Statement of Applicant’s business history, including any multi-family rental projects.

APPENDIX C

The name, address, and telephone number of:

1. The Applicant’s accountant
2. The architect of the proposed Project
3. The engineer of the proposed Project
4. The general contractor of the proposed Project

APPENDIX D

1. Present ownership of the proposed Project site and Applicant’s interest therein.
2. Present zoning of the Project site and a description of what city land use approvals are needed for this project.
3. The projected number of new employees to be added to the Applicant’s permanent work force because of the Project (for Commercial, Industrial or Health Care only).
4. Other financing attempted or available to the Project including any interim financing.
5. Statement regarding whether or not this project has all required city approvals. If the project does not have all of the required approvals, list the approvals still needed and a tentative time schedule.

APPENDIX E

Indemnification Letter of Agreement.

APPENDIX F

Proforma Analysis of the Project
PART VI

INDEMNIFICATION LETTER OF AGREEMENT

The Mayor of the City of St. Paul Park
and Members of the City Council
City of St. Paul Park
600 Portland Avenue
St. Paul Park, MN  55071

RE: Application of _________________ for Tax-Exempt Revenue Bond Financing by the City of St. Paul Park

Dear Mayor and Members of the City Council:

This letter of agreement is given by _________________, a _________________ under the laws of Minnesota (“Applicant”) as required by the City of St. Paul Park, Minnesota in connection with its consideration of an application for tax-exempt revenue bond financing for the project described in the application.

Applicant agrees as follows:

1. Applicant agrees to pay or reimburse the City for any and all costs and expenses which the City may incur in connection with its consideration of the project and the granting of tax-exempt revenue bond financing therefor, whether or not the project is preliminarily approved by the City, whether or not the project is approved by the State of Minnesota, whether or not revenue bond financing is finally approved by the City, whether or not the bonds are issued and sold, and whether or not the project is carried to completion.

2. Applicant agrees to indemnify and hold the City, its officers, employees and agents harmless against any and all losses, claims, damages, expenses or liabilities, including attorneys’ fees incurred in their defense, to which the City, its officers, employees and agents may become subject in connection with the City’s consideration, issuance or sale of the bonds for Applicant’s project and the carrying out of the transactions contemplated by this agreement and any resolutions adopted, or agreements executed by the City in connection with the issuance of its bonds for this project.

3. Applicant hereby releases the City, its officers, agents and employees from any claims, causes of action, losses, damages, or liabilities which it may have against the City, its officers, agents, and employees or which it may incur in connection with: the City’s consideration of the application for industrial development revenue bond financing for Applicant’s project; the failure of the City, in its discretion, to issue tax-exempt revenue bonds for Applicant’s project; the issuance and sale of the bonds; the construction of the project; or any other matter or thing of any type or nature whatsoever which may arise in connection with the foregoing.

4. Applicant is aware of the City’s application and administrative fee structure for tax-exempt financing and agrees and covenants that all such fees will be paid in the amount and at the times required.
Dated: ____________

[APPLICANT NAME]

By ________________________

Its ________________________