



Request for City Council Committee Action From the Finance & Property Services Department

Date: August 3, 2015

To: The Honorable John Quincy, Chair, and Ways and Means Committee
Referral to:

Subject: Nicollet Mall Project Financing

Recommendation:

Authorize the Finance Officer to release a Request for Proposal (RFP) for financing options for the Nicollet Mall project

Adopt a resolution declaring the City's intent to finance the special assessment portion of the Nicollet Mall project with Tax-Exempt bonds.

Previous Directives:

- April 3, 2015 – Council resolution 2015R-148 designating the locations and streets to be improved.
- December 5, 2014 – Council resolution 2014R-508 appropriating \$3,500,000 for the Nicollet Mall Reconstruction project using revenue from project closeouts.
- December 5, 2014 – Council resolution 2014R-503 establishing the 2015 Uniform Assessment Rates.
- October 31, 2014 - Nicollet Mall Redesign and Reconstruction Project: Preconstruction and Construction Contracts: authorize the appropriate city officials to negotiate and enter into a contract with SEH for Preconstruction and Construction Management Services for the Nicollet Mall Project in an amount not to exceed \$2,400,000 and authorize the appropriate city officials to negotiate and enter into a contract with Shenehon for assessment calculation for the Nicollet Mall reconstruction project in an amount not to exceed \$60,000.
- August 15, 2014 - Authorize staff to issue a Request for Proposal to solicit proposals from qualified vendors for a construction manager for the Nicollet Mall Redesign and Reconstruction Project.
- June 17, 2014 – Approve concept for the Nicollet Mall and a project budget of \$50,000,000; Accept a \$21,500,000 State grant subject to the City's approval of \$25,000,000 in special assessments; Amend Capital Budget 2013R-573 to increase appropriation for 04100-9010937-CPV085 by \$46,500,000 and increase revenue for 04100-9010937-CPV085 including \$21,500,000 State grant and \$25,000,000 from special assessments with the actual assessment amount determined at a Public Hearing; Authorize to negotiate to acquire construction easements; Authorize to enter into a contract with James Corner Field Operation for completion of detailed design, construction documents and bidding and construction phases for the Nicollet Mall not to exceed \$4,500,000; waive RFP policy and authorize to enter into a contract with Peter Brown of Conurbation LLC for project management through construction of the Nicollet Mall not to exceed \$266,000; Authorize

process to select a construction manager for Nicollet Mall; Appoint ten-member Nicollet Mall implementation committee to guide through design.

- October 4, 2013 - Authorizing negotiation and execution of a contract with James Corner Field Operations for concept design of the Nicollet Mall Reconstruction Project
- June 18, 2013 – Issuance of an RFP and execution of design stipends with finalist design teams
- April 16, 2013 – Receive and file update on Nicollet Mall Redesign and issuance of RFQ.
- December 12, 2012 - 2012R-655, Adopting the 2013-2017 Five Year Capital Program, including \$555,000 for Nicollet Mall Planning (CPV085).

Department Information:

Prepared or Submitted by Michael Abeln, Director, Capital & Debt Mgmt, 673-3496
Sandy Christensen, Deputy CFO, 673-2918

Approved by: Kevin Carpenter, Chief Financial Officer _____

Spencer Cronk, City Coordinator _____

Presenters in Committee: Sandy Christensen, Deputy CFO, 673-2918

Financial Impact (Check those that apply)

No financial impact

Background/Supporting Information

The Nicollet Mall project has been authorized and the City is working with design consultants and others to plan for the \$50 million project.

Project funding is to be provided as follows:

\$25,000,000 Special Assessments to property owners

\$21,500,000 State Grant

\$ 3,500,000 City Match

\$50,000,000 Total

To obtain the most competitive financing rates for this project, the Finance Officer is requesting authorization to release a Request for Proposal (RFP) to solicit bids from a number of local and national banks. The City has engaged an independent municipal advisor to assist us in developing the RFP requirements and provisions and in evaluation of proposals received.

Upon completion of the RFP process and other appropriate approvals for issuance of debt, the Finance Officer will bring forward a financing recommendation for Council approval.

A significant portion of the Nicollet Mall project will be funded with tax exempt Special Assessment bonds. The grant funding provided by the State is also funded with tax exempt bonds. To comply with IRS Treasury

Regulations governing the issuance of tax exempt debt, the City must declare in advance of issuance its intent to reimburse expenses incurred with the proceeds of tax exempt bonds. Attached is a resolution to be adopted to fulfill this requirement for the duration of the Nicollet Mall project. **End to Reimburse Resolution**

Resolution 2015R-XXX
By W&M Chair John Quincy

Amending the 2014 Capital Improvement Appropriation Resolution (2013R-573) as amended:

Resolved by the City Council of the City of Minneapolis:

That pursuant to IRS Treasury Regulations Section 1.150-2, the City of Minneapolis hereby declares its official intent to reimburse up to \$25,000,000 of expenditures related to the Nicollet Mall Project from the proceeds of tax exempt special assessment debt of the City. The expenditures to be reimbursed include all preliminary expenses for planning, design, legal, consulting services and staff costs reasonably allocated to the project as well as costs incurred and paid for the design and construction of the new Nicollet Mall project. The reasonably expected source of funds to pay such original expenditures and to pay debt service on the tax exempt debt to be issued by the City consists of special assessments collected from the benefited property owners.