



# Lease Revenue Bonds Overview

EDA Meeting  
9/23/2024

# Ice Arena Project

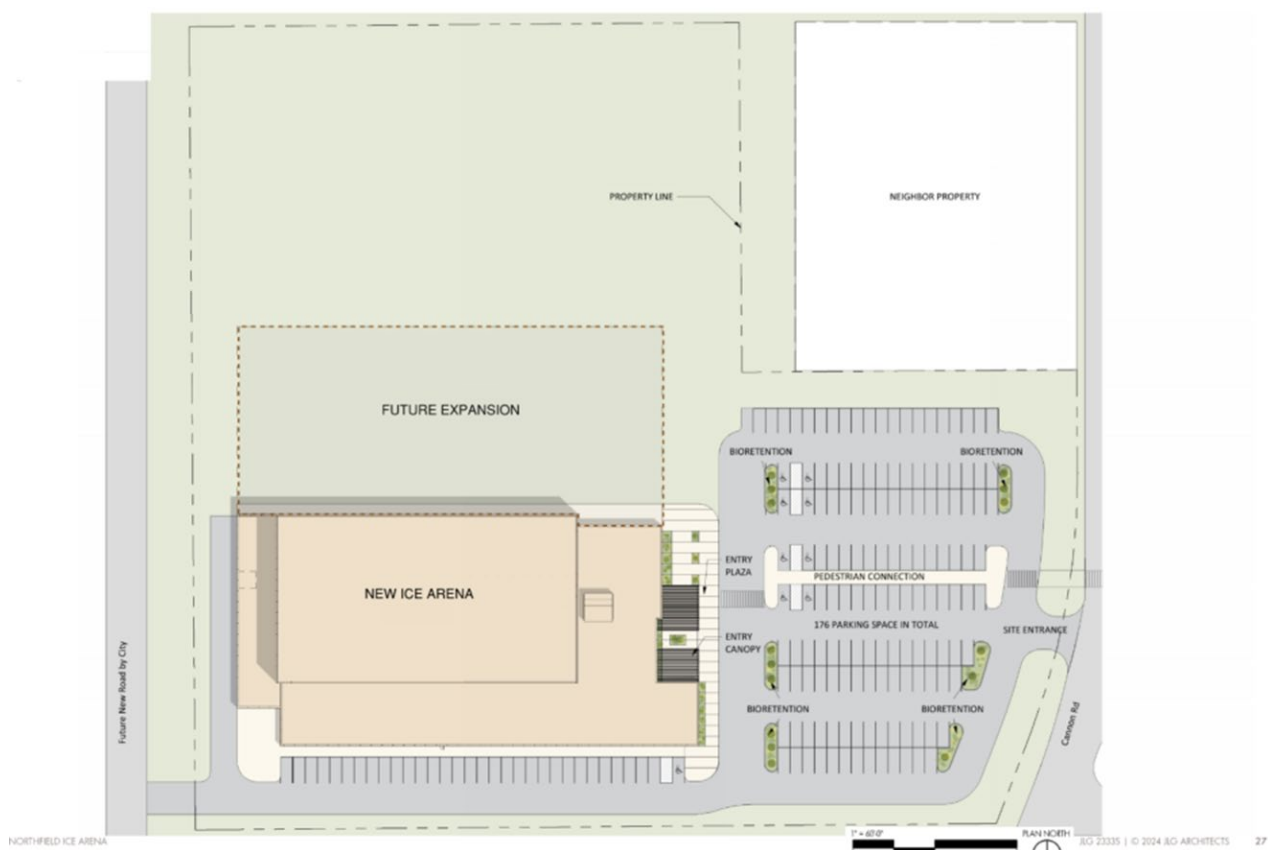


- Review current conceptual design
- Partnership Framework
- Project Timeline



© 2024 JLG ARCHITECTS

# Ice Arena – Cannon River Theme



## Ice Arena – Draft Site Plan

### New Ice Arena Project Schedule (Background Start Date Q3 2023)

Tasks/Actions	Status	2023				2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Architect Updated Cost Estimating for Options	Complete																
Sale Terms on Existing Ice Arena	Complete																
EDA - Conduit Financing Introduction	Complete						22-Apr-24										
School Board Introduction on Partnership	Complete						22-Apr-24										
School Board Action of Partnership	Complete						13-May-24										
Northfield Council - Ice Arena Update	Complete						7-May-24										
City of Dundas																	
Dundas Council Introduction of Partnership							22-Apr-24										
Dundas Council Action							28-May-24										
Northfield Council - Ice Arena Partnership Update							4-Jun-24										
Northfield Council - Partnership & Contract for Architect							18-Jun-24										
Architect Design Plans	In-Process																
Issue Construction Manager (CM) RFQ							19-Jul-24										
Northfield Council - Public Hearing & Approve Sale of Ex Arena and Lease								5-Aug-24									
Northfield Council - Site Plan & Bldg Rendering Update								17-Sep-24									
EDA - Conduit Financing Introduction								23-Sep-24									
Northfield Council - Approve CM Contract									1-Oct-24								
School Board 20-Year Partnership Agreement									14-Oct-24								
City of Dundas 20-Year Partnership Agreement									14-Oct-24								
Northfield Council - Approve Dundas/School Dist. Agreement									15-Oct-24								
Northfield Council - Approve Land Donation									15-Oct-24								
Northfield - Closing on Sale of Existing Arena	Pending								31-Oct-24								
Northfield Hockey - Fundraising/Donation Commitments	Pending								12-Nov-24								
EDA - Conduit Financing Debt Issuance	Pending									6-Jan-25							
Ice Arena Construction Commencement	Pending																
Ice Arena Opens August 2026	Pending																

Update September 16, 2024

- City of Northfield
- Northfield School District
- City of Dundas
- Northfield Hockey Association

# Lease Revenue Bonds



- **Financing tool for municipal entities**
  - Used by City and County HRAs, EDAs, etc.
  - EDA issues bonds to acquire and/or improve property for lease to one or more users
  - Process follows statute (doesn't require a public vote and standard procedures are to follow statutory processes)
  - Form of revenue obligation
    - Bonds repaid by lease revenues with property or leasehold interest as collateral
    - Often a lease purchase agreement with a municipal entity who annually appropriates funds to operate the facility and provide rent that pays for debt service

# Lease Revenue Bonds



- **Northfield – Memorial Pool**
  - Original construction financed by the EDA in 2006
- **Other recent examples**
  - Chaska EDA
    - Public Safety Campus and Community Facilities (Parks, Curling Center, etc.)
  - New London EDA
    - Special Education Facility

# Lease Revenue Bonds



- **Annual Appropriation risk**

- Lease purchase requires City to annually appropriate funds
- Lease Revenue Bonds often subject to different financing terms and covenants from a City's General Obligation Bonds
  - Examples: trustee, reserve requirements, lower credit rating
- In the event of non-appropriation:
  - City surrenders its leasehold interest, subject to credit downgrade
  - EDA could find alternative tenant, but not obligated to step in to remedy
  - Bondholders have rights to choose to operate or sell the facility



# Legal Overview



- **Financing Statutory Authority**
- **Sample Ice Arena agreements and documentation**
  - Ground Lease and Lease-Purchase Agreement with City
  - Cost Share Agreement with Dundas
  - Ice Rental Agreement with School District
  - Land and Funding from Hockey Association

# EDA Board Feedback & Actions



- General questions on project (not an EDA policy consideration related to the resolution)
- Questions on financing (EDA policy consideration)
- Next steps:
  - Consider EDA Resolution to support current concept to finance the new Northfield Ice Arena project via EDA Lease Revenue Bonds
  - Future EDA bond approvals to occur with project construction