

**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

REPORT TO THE COMMISSIONERS

DATE: AUGUST 28, 2019

**REGARDING: RESOLUTION AUTHORIZING EXECUTION OF FIRST
AMENDMENT TO INDENTURE OF TRUST FOR THE
WELLINGTON PROJECT, 2235 WEST ROCKWOOD AVENUE
DISTRICT 15, WARD 3**

Requested Board Action

Approval to execute a First Amendment to Indenture of Trust to benefit The Wellington Project, owned by the Wellington PFP, LLC, Wellington NFLP, LLC, Wellington SHN, LLC, and Wellington HRG, LLC, each a Minnesota limited liability company, jointly and severally (the “Borrower”).

Background

In September 2012, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) issued \$5,695,000 in Multifamily Housing Revenue Refunding Bonds, Series 2012 for The Wellington Project (the “Bonds”) which were purchased by Wells Fargo Bank (the “Lender”) under the terms of an Indenture of Trust (the “Indenture”). The Indenture requires a mandatory purchase of the Bonds on September 1, 2019. The Borrower has requested, and the Lender has agreed, to an amendment to the Indenture of Trust to extend the mandatory purchase date to September 1, 2026 (7 additional years), to adjust various provisions related to the interest rate on the Bonds, and to make other changes to conform the terms of the Bonds and the Indenture to the Lender’s standard provisions (the “Amendment”).

In 1999, the HRA issued \$9 million in refunding bonds to refund 1984 bonds issued to finance the construction of a senior rental housing project located at 2235 West Rockwood Avenue (the “Project”). The Project currently includes 110 rental housing units with 20% of the units affordable at or below 80% of the area median income (AMI).

Budget Action

This is a conduit bond issue. The Bonds shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA, City of Saint Paul, or any agency or political subdivision thereof, and shall not constitute indebtedness of any of the foregoing within the meaning of any constitutional, statutory, or charter provision, nor be a charge against their respective general assets, credit or taxing powers, and do not grant the owners or holders of the Bonds any right to have the HRA, City of Saint Paul or any agency or political subdivision thereof to levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Principal and interest on the Bonds are payable solely out of the revenues and other sources pledged to the payment thereof as described in the bond documents.

Future Action

N/A

Financing Structure

The Bonds will continue to require the payment of interest at a floating rate tied to the 30-day LIBOR, and will continue to be held by the Lender. The Bonds will be held in minimum denominations of \$100,000 and the Lender will execute an investor letter. The final maturity will remain at September 1, 2042, but will require mandatory purchase in 7 years (September 1, 2026).

PED Credit Committee Review

The PED Credit Committee reviewed the Amendment terms on August 20, 2019, and found it to be consistent with PED's conduit bond policy.

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The public purpose is to ensure the continued provision of housing for seniors.

Recommendation:

HRA Executive Director recommends approval of the resolution which authorizes the execution of the Amendment.

Sponsored by: Chair Tolbert

Staff: Jenny Wolfe, 266-6680

Attachments:

- Map