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Title: Resolution authorizing the issuance and sale of conduit multifamily housing revenue bonds for the Soul Project to be located at 176 South Robert Street; approving the execution of related documents; adopting a Housing Program; and related documents, District 3, Ward 2

Sponsors: Rebecca Noecker

Indexes:

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Attachments: 1. Board Report.pdf, 2. Map, 3. Project Summary, 4. Sources and Uses, 5. D3 West Side Neighborhood Profile

Date	Ver.	Action By	Action	Result
8/24/2022	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution authorizing the issuance and sale of conduit multifamily housing revenue bonds for the Soul Project to be located at 176 South Robert Street; approving the execution of related documents; adopting a Housing Program; and related documents, District 3, Ward 2

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA" or the "Governmental Lender"), a body corporate and politic and political subdivision of the State of Minnesota, is duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C, as amended (the "Act") and by ordinance of the City of Saint Paul, Minnesota (the "City"), the HRA is authorized to carry out the public purposes described in the Act by issuing revenue bonds or other obligations to finance or refinance multifamily housing developments located within the City, and as a condition to the issuance of such revenue bonds, adopt a housing program providing the information required by Section 462C.03, subdivision 1a, of the Act; and

WHEREAS, in the issuance of the HRA's revenue bonds and in the making of a loan to finance a multifamily housing development, the HRA may exercise, within the corporate limits of the City, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, Robert Street, LLLP, a Minnesota limited liability limited partnership (or an affiliated entity, the "Borrower"), an affiliate of Schafer Richardson, has requested that the HRA issue its multifamily housing revenue note, in one or more series in an original principal amount estimated not to exceed \$33,000,000 (collectively, the "Governmental Note"), under the Act and lend the proceeds thereof to the Borrower, to be used along with other available funds of the Borrower, in order to: (i) finance the acquisition, construction and equipping of a five-story approximately 178-unit multifamily rental housing development and functionally related facilities, including surface and one-level of underground parking and approximately 9,244 of commercial space on the ground floor, to be located on an approximately 2.86 acre site located at 176 South Robert Street in the City (the "Housing Project"); (ii) fund one or more reserve funds to secure the timely payment of the Governmental Note, if necessary; (iii) pay interest on the Governmental Note during the construction of the Housing Project, if necessary; and (iv) pay a portion the costs of issuing the Governmental Note (collectively, the "Project"); and

WHEREAS, a housing program (the “Housing Program”) relating to the Project and the issuance of the Governmental Note by the HRA has been prepared and reviewed by the HRA and the City, and the Housing Program describes the issuance by the HRA of the Governmental Note to finance a portion of the costs of the Project; and

WHEREAS, this resolution constitutes a reimbursement resolution and an official intent to reimburse expenditures with respect to the Project from the proceeds of tax-exempt revenue bonds in accordance with the provisions of Treasury Regulations, Section 1.150-2; and

WHEREAS, on August 1, 2022, as required by the Act, a notice of public hearing was published in the *Pioneer Press*, a newspaper of general circulation in the City, for a public hearing on the Housing Program, the Governmental Note, and the Project and on August 17, 2022 a public hearing (the “Public Hearing”) was held by the City Council of the City (the “City Council”), as the applicable elected representative, with respect to: (i) the required public hearing under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”); (ii) the required public hearing under Section 462C.04, subdivision 2, of the Act; and (iii) the Housing Program, the Project and the Governmental Note; and

WHEREAS, following the Public Hearing, the City Council will consider for adoption a resolution (RES PH 22-239), approving the Housing Program, and authorizing and directing the HRA to issue the Governmental Note to finance the Project; and

WHEREAS, the proceeds derived from the sale of the Governmental Note will be loaned by the HRA to the Borrower pursuant to the terms of a Project Loan Agreement, dated on or after September 1, 2022 (the “Project Loan Agreement”), between the HRA, as governmental lender, U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”), and the Borrower, whereby the HRA will apply the proceeds derived from the sale of the Governmental Note to fund a loan to the Borrower; and

WHEREAS, the Borrower’s repayment obligations under the Project Loan Agreement will be evidenced by a multifamily note delivered by the Borrower to the HRA, as Governmental Lender, and endorsed by the HRA (the “Project Note”), which will be assigned to the Fiscal Agent pursuant to an Allonge Assignment and Endorsement (the “Allonge”) dated on or after September 1, 2022 from the HRA to the Fiscal Agent, and will be secured by a Mortgage, Assignment of Rents, Security Agreement and Fixture Filing granting a mortgage lien on the Housing Project (the “Mortgage”) and an Assignment of Rents and Leases (“ARL”), each to be delivered by the Borrower to the HRA and assigned by the HRA to the Fiscal Agent pursuant to the Assignment of Security Instruments (“Assignment,” together with the Allonge, the “Transfer Documents”), all for the benefit of Merchants Bank of Indiana, an Indiana state bank (the “Initial Funding Lender”); and

WHEREAS, the HRA will enter into a Funding Loan Agreement, dated on or after September 1, 2022 (the “Funding Loan Agreement”) by and among the HRA, the Fiscal Agent and the Initial Funding Lender, which evidences the agreement between the parties regarding the loan made from the Initial Funding Lender to the HRA (“Funding Loan”) and the HRA’s issuance of the Governmental Note as security for repayment of such loan; and

WHEREAS, the Governmental Note and the interest on the Governmental Note: (i) shall be payable solely from the revenues pledged therefor under the Project Loan Agreement and the Funding Loan Agreement or other security documents described therein; (ii) shall not constitute a debt of the City or the HRA within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or the HRA or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City or the HRA other than the HRA’s interest in the Project Loan Agreement, Project Note, Mortgage, and ARL; and (v) shall not constitute a general or moral obligation of the City or the HRA; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "Board"), as follows:

1. The HRA acknowledges, finds, determines, and declares that the issuance of the Governmental Note is authorized by the Act and is consistent with the purposes of the Act and that the issuance of the Governmental Note, and the other actions of the HRA under the Funding Loan Agreement, the Project Loan Agreement, the Transfer Documents, and this resolution constitute a public purpose and are in the interests of the HRA. The Project constitutes a "qualified residential rental project" within the meaning of Section 142(d) of the Code, and a "multifamily housing development" authorized by the Act, and furthers the purposes of the Act. In authorizing the issuance of the Governmental Note for the financing of the Project and the related costs, the HRA's purpose is and the effect thereof will be to promote the public welfare of the City and its residents by providing multifamily housing developments for low or moderate income residents of the City and otherwise furthering the purposes and policies of the Act.

2. The preparation of the Housing Program is hereby ratified, confirmed, and approved. The Housing Program is hereby adopted, ratified, and approved in all respects without amendment. The Executive Director of the HRA is hereby authorized to do all other things and take all other actions as may be necessary or appropriate to carry out the Housing Program in accordance with the Act and any other applicable laws and regulations.

3. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Governmental Note in one or more series in a maximum aggregate principal amount not to exceed \$33,000,000, provided that the City's and HRA's current year or carryforward bonding authority allocated to the Governmental Note shall not exceed the lesser of \$33,000,000 or 53% of the Borrower's basis in the Project. The Governmental Note shall bear interest at the rate, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed therein or in the Funding Loan Agreement, in substantially the form now on file with the Executive Director of the HRA, with necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Governmental Note, the stated maturity of the Governmental Note, the interest rate or rates on the Governmental Note and the terms of redemption of the Governmental Note) as are approved as evidenced by the execution thereof as provided in Section 9. The Governmental Note shall be issued in a denomination equal to its entire principal amount. The HRA hereby authorizes Ballard Spahr LLP, as bond counsel, to prepare, execute, and deliver its approving legal opinion with respect to the validity and tax-exempt status of the Governmental Note.

All of the provisions of the Governmental Note, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Governmental Note shall be substantially in the form in the Funding Loan Agreement or otherwise on file with the Executive Director of the HRA, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Governmental Note, the stated maturity of the Governmental Note, the interest rate on the Governmental Note and the terms of redemption of the Governmental Note) as the Chair or Commissioner, Executive Director and the Director, Office of Financial Services of the City (collectively, the "Authorized Officials"), in their discretion, shall determine. The execution of the Governmental Note with the manual or facsimile signatures of the Authorized Officials and the delivery of the Governmental Note by the HRA shall be conclusive evidence of such determination. The Board of Commissioners hereby authorizes the Authorized Officials to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent, and hereby authorizes the execution of the Governmental Note in accordance with the terms of the Funding Loan Agreement, and hereby provides that the Funding Loan Agreement shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Governmental Note, the HRA, and the Fiscal Agent as set forth therein. The Paying Agent and the Registrar for the Governmental Note shall be the Fiscal Agent or other appropriate entity

appointed by the Borrower.

4. The Governmental Note shall be a special, limited revenue obligation of the HRA payable solely from the revenues provided by the Borrower pursuant to the Project Loan Agreement, and other funds pledged pursuant to the Funding Loan Agreement; the HRA does not pledge its general credit or taxing powers or any funds of the City or the HRA to the payment of the Governmental Note.

No covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board, or any officer, agent or employee of the HRA in that person's individual capacity, and neither the Board nor any officer or employee executing the Governmental Note shall be personally liable on the Governmental Note or be subject to any personal liability or accountability by reason of the issuance thereof.

5. The Borrower shall apply the proceeds of the loan made pursuant to the terms and conditions of the Project Loan Agreement to the payment of a portion of the capital costs of the Project and related costs. The loan repayments to be made by the Borrower under the Project Loan Agreement and the Project Note shall produce revenues sufficient to pay the principal of, premium, if any, and interest on the Governmental Note when due.

6. To ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code and to ensure compliance with certain restrictions imposed by the HRA, the Housing Project will be subject to a Regulatory Agreement, dated as of or after September 1, 2022 (the "Regulatory Agreement"), among the HRA, the Borrower, and the Fiscal Agent.

7. To ensure compliance with certain requirements imposed by the City and the HRA, the Housing Project will be subject to a Bond Compliance Agreement dated as of or after September 1, 2022 (the "Bond Compliance Agreement") between the HRA and the Borrower.

8. The Authorized Officials are hereby authorized to execute and deliver the Funding Loan Agreement, the Project Loan Agreement, the Transfer Documents, the Governmental Note, the Project Note, the Regulatory Agreement, the Bond Compliance Agreement, and any consents, subordinations, and such other documents as are City necessary or appropriate in connection with the issuance, sale, and delivery of the Governmental Note, including without limitation various certificates of the HRA, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, a certificate as to arbitrage and rebate, and similar documents (collectively, the "Financing Documents").

The approval hereby given to the Financing Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate as determined by the parties thereto and approved by the Saint Paul City Attorney to the HRA, the appropriate HRA staff person or by the officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said officers or staff members are hereby authorized to approve said changes on behalf of the HRA. The execution of any instrument by the appropriate officer or officers of the HRA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Saint Paul City Attorney, may act in their behalf.

The HRA may execute the Financing Documents, and any other documents, certificates, and instruments relating to the issuance of the Governmental Note and the Project by electronic signature. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail

or internet message; or (iii) a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party).

9. The various approvals of the HRA in this resolution are contingent on a City Council of the City adopting resolution PH 22-239 which approve the public hearing and the Housing Program for the Housing Project.

10. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the HRA or the Board by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the HRA or by such members of the Board, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No provision, covenant or agreement contained in the Financing Documents, the Governmental Note, or in any other document relating to the Governmental Note, and no obligation therein or herein imposed upon the HRA or the breach thereof, shall constitute or give rise to a general or moral obligation of the City or the HRA or any pecuniary liability of the City or the HRA or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the HRA has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Project Loan Agreement and Project Note, which are to be applied to the payment of the Governmental Note, as provided therein.

Except as otherwise expressly provided herein, nothing in this resolution or in the Financing Documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the HRA, any holder of the Governmental Note issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the Financing Documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the HRA, and any holder from time to time of the Governmental Note issued under the provisions of this resolution.

11. In case any one or more of the provisions of this resolution, other than the provisions contained in Sections 4, 9 or 14, or of the Financing Documents, or of the Governmental Note issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Governmental Note, but this resolution, the Financing Documents, and the Governmental Note shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

12. The Governmental Note, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Governmental Note and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Governmental Note, and to the execution of the Financing Documents to happen, exist, and be performed precedent to the execution of the Financing Documents have happened, exist, and have been performed as so required by law.

13. Upon receipt of an investor letter in substantially the form attached to the Funding Loan Agreement, the The Governmental Note will be issued to the Initial Funding Lender or another "qualified institutional buyer" and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Governmental Note may not be assigned or transferred in whole or part, except to another "Approved Transferee" in accordance with the Funding Loan Agreement. The HRA will require, as a precondition to any transfer, that the transferee provide to the HRA an investor letter in substantially the form attached to the Funding Loan Agreement as EXHIBIT B or in any other form satisfactory to the HRA. Notwithstanding the foregoing, the Initial Funding Lender shall have the right to sell participation interests to "qualified institutional buyers" in the Funding Loan in accordance with Section 2.08 (b) of the

Funding Loan Agreement during the construction phase of the Funding Loan without notice to or consent from HRA.

14. The officers of the HRA, bond counsel, other attorneys, engineers, and other agents or employees of the HRA are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Governmental Note, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Governmental Note, the aforementioned documents, and this resolution. If for any reason any of the Authorized Officials is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any member of the Board or any officer of the HRA delegated the duties of any such Authorized Officials with the same force and effect as if such documents were executed and delivered by such Authorized Officials.

15. The Borrower shall pay the administrative fee of the HRA as provided in the Project Loan Agreement. The Borrower will also pay, or, upon demand, reimburse the HRA for payment of, any and all costs incurred by the HRA in connection with the Project and the issuance of the Governmental Note, whether or not the Governmental Note is issued, including any costs for attorneys' fees. The Borrower shall indemnify the HRA against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the HRA) arising with respect to the Project or the Governmental Note, as provided for and agreed to by the Borrower in the Project Loan Agreement.

16. The authority to approve, execute and deliver future amendments to the Financing Documents herein, including any required amendments in the conversion of the financing from the construction to permanent phase and the assignment to The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise ("Freddie Mac"), authorized or entered into by the HRA in connection with the issuance of the Governmental Note and any consents required under the Financing Documents is hereby delegated to the Authorized Officials, subject to the following conditions: (a) such amendments or consents do not require the consent of the holder of the Governmental Note or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the HRA; (c) such amendments or consents do not contravene or violate any policy of the HRA, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the HRA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by the Executive Director shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Executive Director, any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the HRA or the City authorized to act in his/her place and stead.

17. The HRA has established a governmental program of acquiring purpose investments for qualified residential rental projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

- (a) the program involves the origination or acquisition of purpose investments;
- (b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;
- (c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire

governmental obligations at the next earliest possible date of redemption;

(d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing the Governmental Note of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and

(e) the HRA shall not waive the right to treat the investment as a program investment.

18. Capitalized terms used but not defined herein shall have the meanings given them in the Financing Documents.

19. This resolution shall be in full force and effect from and after its approval.