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Title: Resolution giving preliminary approval to the proposed issuance of conduit multifamily housing revenue bonds for Marshall Avenue Flats located at 1606 Marshall Avenue, under Minnesota Statutes, Chapter 462C; and adopting a Housing Program, District 13, Ward 4

Sponsors: Mitra Jalali

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Attachments: 1. Board Report, 2. Housing Program, 3. Map, 4. D13 Union Park Neighborhood Profile

Date	Ver.	Action By	Action	Result
11/8/2023	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution giving preliminary approval to the proposed issuance of conduit multifamily housing revenue bonds for Marshall Avenue Flats located at 1606 Marshall Avenue, under Minnesota Statutes, Chapter 462C; and adopting a Housing Program, District 13, Ward 4

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") 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 conduit 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, and without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, Marshall Flats, LLLP, a Minnesota limited liability limited partnership (the "Borrower"), has requested that the HRA issue one or more series of tax-exempt or taxable conduit multifamily housing revenue bonds (the "Bonds") and loan the proceeds derived from the sale of the Bonds to the Borrower, pursuant to the terms of a Loan Agreement between the HRA and the Borrower (the "Loan Agreement") to be used to (i) finance the acquisition, construction and equipping of a six-story approximately 98-unit multifamily rental housing development and functionally related facilities, including surface and one-level of underground parking, to be located on an approximately 1.91 acre site located at 1606 Marshall Avenue in the City (the "Housing Project"); (ii) fund one or more reserve funds, if necessary, to secure the timely payment of the Bonds; (iii) pay interest on the Bonds during the construction of the Housing Project, if necessary; and (iv) pay the costs of issuing the Bonds; and

WHEREAS, a housing program (the "Housing Program") relating to the Housing Project and the issuance of the Bonds by the HRA has been prepared and reviewed by the HRA and the City and submitted to the

Metropolitan Council as required by the Act; and

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

WHEREAS, on October 24, 2023, 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 Bonds, and the Housing Project and on the date hereof a public hearing (the "Public Hearing") was held by the Board of Commissioners of the HRA (the "HRA Board"), with respect to: (i) the required public hearing under Section 147(f) of the Internal Revenue Code of 1986, as amended; (ii) the required public hearing under Section 462C.04, subdivision 2, of the Act; and (iii) the Housing Program, the Housing Project and the Bonds; and

WHEREAS, the HRA Board conducted a public hearing on the date hereof with respect to the proposal to undertake and finance the Housing Project, the approval of the Housing Program, and the proposed issuance of the Bonds, as requested by the Borrower.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The HRA hereby grants preliminary approval for the issuance of the Bonds, as one or more series of tax-exempt or taxable conduit multifamily housing revenue bonds, for the purposes referenced in this resolution and in an aggregate principal amount not to exceed \$21,000,000, subject to the approval of the Housing Program by the Metropolitan Council, as required by the Act, and subject to the mutual agreement of the HRA, the Borrower, and the initial purchaser(s) of the Bonds as to the details of the Bonds and provisions for their payment. In all events, it is understood, however, that the Bonds shall not constitute a pecuniary liability or charge, lien or encumbrance, legal or equitable, upon any funds, assets, taxing powers, or any other property of the HRA or of the City except the HRA's interest in the Loan Agreement; and the Bonds, when, as, and if issued, shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenues received from the Loan Agreement and other property pledged to the payment thereof, and shall not constitute general or moral obligations of the HRA or of the City. The Bonds shall not constitute a debt of the HRA or the City within the meaning of any constitutional or statutory limitation. The holder(s) of the Bonds shall never have the right to compel any exercise of the taxing power of the HRA or the City to pay the outstanding principal of the Bonds, or the interest thereon or to enforce payment thereof against any property of the HRA or the City.

2. The Housing Program is hereby adopted, ratified, and approved in all respects without amendment. The Executive Director, or designee, 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. The Borrower shall pay to the HRA any and all costs incurred by the HRA in connection with the Bonds or the financing of the Housing Project, whether or not the financing is carried to completion, and whether or not the Bonds or operative instruments are executed and delivered. The Borrower shall also comply with the HRA's fee policies respecting such revenue bond issues.

4. The adoption of this resolution does not constitute a guaranty or firm commitment that the HRA will issue the Bonds as requested by the Borrower. The HRA retains the right in its sole discretion to withdraw from participation and accordingly not to issue the Bonds, or issue the Bonds in an amount less than the amount referred to herein, should the HRA at any time prior to issuance thereof determine not to issue the Bonds, or to issue the Bonds in an amount less than the amount referred to in Section 1 hereof, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the transaction.

5. (a) The United States Department of the Treasury has promulgated final regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the HRA or a borrower from the HRA for project expenditures paid prior to the date of issuance of such bonds. Those regulations, Treasury Regulations, Section 1.150-2 (the "Regulations"), require that the HRA adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that bonds be issued and the reimbursement allocation made from the proceeds of bonds occur within 18 months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event more than 3 years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of such bonds.

(b) The HRA reasonably expects to reimburse the Borrower for the expenditures made for costs of the Housing Project from the proceeds of the Bonds in an estimated maximum aggregate principal amount not to exceed \$21,000,000 after the date of payment of all or a portion of the costs of the Housing Project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

(c) Based on representations by the Borrower, no expenditures for the Housing Project have been made by the Borrower more than 60 days before the date of adoption of this resolution other than: (i) expenditures to be paid or reimbursed from sources other than the Bonds; (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i) (B) of the Regulations; (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations; (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations); or (v) pursuant to a declaration of official intent by the Borrower in accordance with Section 1.150-2 of the Regulations.

(d) Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Housing Project to be financed from proceeds of the Bonds, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

(e) In anticipation of the issuance of the Bonds to finance all or a portion of the Housing Project, and in order that completion of the Housing Project will not be unduly delayed when approved, the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Housing Project to be financed from the proceeds of the Bonds, as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Bonds if and when delivered but otherwise without liability on the part of the City or the HRA.

6. This resolution shall be in full force and effect from and after its passage.