



Legislation Text

File #: RES PH 18-375, **Version:** 1

Resolution giving host approval to the issuance by the City of Falcon Heights, Minnesota of conduit senior housing revenue notes on behalf of Heritage Apartments, Inc., 1440 Midway Parkway, Saint Paul, Minnesota, District 10, Ward 4

WHEREAS, Minnesota Statutes, Chapter 462C, as amended, and Section 471.656 (the "Act"), confer upon cities the power to issue revenue obligations to finance combined multifamily housing and health care developments; and

WHEREAS, Heritage Apartments, Inc., a Minnesota nonprofit corporation (the "Borrower"), desires to refinance the Health Care Revenue Note, Series 2009B (Heritage Apartments Project) (the "Prior Note") issued by Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), the proceeds of which were used to refinance the HRA's Multifamily Housing Revenue Bonds (Lyngblomsten Project), Series 1993B, which were originally issued to finance the acquisition, construction, and equipping of a 60-unit rental housing and assisted-living facility for the elderly located at 1440 Midway Parkway in Saint Paul, Minnesota, commonly known as The Heritage at Lyngblomsten (the "Heritage Apartments Project"); and

WHEREAS, the Borrower is and will be the owner and operator of the Heritage Apartments Project; and

WHEREAS, Bremer Bank, National Association ("Bank") has agreed to refinance the Heritage Apartments Project, among other things, through the purchase of tax-exempt revenue notes in an aggregate principal amount not to exceed \$5,000,000 (the "Notes") issued pursuant to the Act; and

WHEREAS, the commitment of the Bank to purchase the Notes is conditioned upon them being designated by the issuer as a "qualified tax-exempt obligation" ("bank qualified") under Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the HRA is not able to issue bank qualified obligations for the Heritage Apartments Project because it has issued more than \$10,000,000 in obligations for use by other nonprofit organizations or for its own corporate use in calendar year 2018; and

WHEREAS, the City of Falcon Heights (the "Issuer"), a community that borders the City of Saint Paul, Minnesota (the "City") and, according to the Borrower, is within the market area of the Heritage Apartments Project, is willing to issue the Notes to refinance the Heritage Apartments Project, among other things, and to designate the Notes as bank qualified; and

WHEREAS, Section 147(f) of the Code requires that an applicable elected representative of each governmental unit in which facilities to be financed or refinanced by the Notes are located must approve the issuance of the Notes following a public hearing; and

WHEREAS, the members of the HRA are all elected members of the City Council of the City; and

WHEREAS, following the publication of a notice (the "Public Notice") of a public hearing in the Pioneer Press, a newspaper of general circulation in the City, on November 24, 2018, at least 15 days before the date hereof, the Board of Commissioners of the HRA (the "Board") conducted a public hearing at which a

reasonable opportunity was provided for interested individuals to express their views on the proposal to refinance the Heritage Apartments Project and the proposed issuance of the Notes; and

WHEREAS, the Notes are payable solely from revenues of the Borrower, and will not be a general or moral obligation of the HRA, the Issuer, or any other political subdivision of the State of Minnesota, but will be payable solely from revenues of the Borrower, to the extent and in the manner provided in the documents executed in connection with the issuance of the Notes; and

WHEREAS, there has been presented to the Board of the HRA the form of a Joint Powers Agreement anticipated to be dated as of December 1, 2018 between the HRA, the Issuer, and the City of Lino Lakes, Minnesota (in connection with the use of a portion of the proceeds of the Notes for a housing and health care facility in Lino Lakes) (the "Joint Powers Agreement");

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

1. Upon payment of the applicable fees charged by the HRA, the HRA hereby consents to and approves the issuance of the Notes by the Issuer to refund the Prior Note and refinance the Heritage Apartments Project, among other uses. The HRA has relied on the representations of the Borrower that the conditions for the redemption and prepayment of the Prior Note have been or will be satisfied in accordance with the terms thereof and has made no independent investigation or representation with respect to such determination.

2. In no event shall the Notes ever be payable from or charged upon any funds of the HRA or the City; nor shall the HRA or the City be subject to any liability thereon; no owners of the Notes shall ever have the right to compel the exercise of the taxing power of the HRA or the City to pay any of the Notes or the interest thereon, nor to enforce payment thereof against any property of the HRA or the City; the Notes shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the HRA or the City; and the Notes do not constitute an indebtedness of the HRA or the City within the meaning of any constitutional or statutory limitation.

3. The Joint Powers Agreement is approved in substantially the form submitted. The HRA hereby authorizes and directs the Chair of the HRA (or any Commissioner), the Executive Director of the HRA, and the Director of the Office of Financial Services of the City to execute and deliver the Joint Powers Agreement and any other necessary documents, agreements and instruments approved by the City Attorney's Office in connection with the issuance of the Notes.

4. The HRA's Executive Director, staff and legal counsel are authorized and directed to take all necessary action to implement this Resolution.