



## Legislation Text

**File #:** RES 19-953, **Version:** 1

Resolution giving host approval to the issuance by the City of Coon Rapids of conduit multifamily housing revenue bonds on behalf of CommonBond Communities, authorizing and approving a \$250,000 CDBG loan and CDBG loan agreement, approving a joint powers agreement, approving a bond compliance and fee agreement and authorizing the execution of documents relating thereto, all for the Community Plaza project, 709 Central Ave, Saint Paul, District 8, Ward 1

### RECITALS

(a) Minnesota Statutes, Chapter 462C (the "Act") confers upon cities the power to issue revenue bonds to finance or refinance a program for the purposes of planning, administering, making or purchasing loans with respect to one or more multifamily housing developments within the boundaries of the city or under a joint powers agreement with the jurisdiction in which the development is located and pursuant to Minnesota Statutes, Section 471.59, as amended. By the terms of a joint powers agreement entered into through action of their governing bodies, two cities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised; and

(b) CB Galway-Community Limited Partnership (or a limited partnership or other entity to be formed by or affiliated with CommonBond Communities, the "Borrower"), desires to finance (i) the acquisition, renovation, construction, and equipping of an approximately 36 unit rental housing facility and related amenities located at 11184 Hanson Boulevard NW and 11200 Osage Avenue NW in the City of Coon Rapids, Minnesota ("Coon Rapids") known as the Galway Place (the "Galway Townhomes"); and (ii) the acquisition, renovation, construction, and equipping of an approximately 40 unit rental housing facility and related amenities located at 709 Central Avenue W. in the City of Saint Paul, Minnesota ("Saint Paul") known as the Community Plaza (the "Community Plaza" and, together with the Galway Townhomes, the "Project"); and

(c) The Borrower will be the initial owner and operator of the Project; and

(d) In order to better leverage public funding by creating project cost efficiencies, the Borrower has proposed that Coon Rapids undertake a housing finance program (the "Housing Program") to finance Galway Townhomes and Community Plaza as a single project pursuant to the Act through the issuance by Coon Rapids of housing revenue bonds in one or more series in an estimated principal amount not to exceed \$11,000,000 (the "Bonds"); and

(e) The Bonds will be payable solely from revenues of the Borrower, and will not be a general or moral obligation of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") or the City of Saint Paul ("Saint Paul"), 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 Bonds; and

(f) Pursuant to a resolution adopted June 4, 2018 Coon Rapids has approved, and has indicated that it is willing to issue, the Bonds to finance the Project; and

(g) Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") requires that an applicable elected representative of each governmental unit in which facilities to be financed by the Bonds are

located must approve the issuance of the Bonds following a public hearing; and

(h) Pursuant to the Act, Minnesota Statutes, Sections 471.59 and 471.656, as amended, and Section 147(f) of the Code, a public hearing on the Housing Program, the Project and the proposed issuance of the Bonds by the Coon Rapids was held by the City Council of Saint Paul on January 16, 2019, following duly published notice, at which time all persons who desired to speak were heard; and

(i) The HRA has been designated, by ordinance, to exercise, on behalf of Saint Paul the powers conferred by Minnesota Statutes, Section 462C.01 to 462C.081; and

(j) There has been presented to the Board of the HRA the form of a Joint Powers Agreement anticipated to be executed upon issuance of the Bonds between the HRA and Coon Rapids (the "Joint Powers Agreement"); and

(k) There has been presented to the Board of the HRA the form of Bond Compliance and Fee Agreement anticipated to be executed upon issuance of the Bonds between the HRA and the Borrower (the "Bond Compliance and Fee Agreement"); and

(l) The Borrower's proposal calls for Coon Rapids to loan the proceeds realized upon the issuance and delivery of the Bonds to the Borrower pursuant to a loan agreement wherein the Borrower will be obligated to pay all costs and expenses of the HRA incident to the issuance of the Bonds; and

(m) The Borrower also requested and the HRA has determined to provide CDBG Loan funds in the amount of approximately \$250,000 (the "CDBG Loan") to finance that portion of the costs of the Project that relate to Community Plaza; and the terms and conditions of the repayment of the CDBG Loan shall be consistent with those set forth in the staff report accompanying this Resolution and be evidenced by a loan agreement (the "CDBG Loan Agreement"); and

(n) The HRA desires to facilitate the preservation and rehabilitation of affordable multifamily housing facilities within Minnesota and the efficient use of limited resources available for finding affordable housing; and the Project will assist the HRA in achieving these objectives; and

(o) No public official of the HRA has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

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 Bonds by Coon Rapids to finance the Project.

2. The Joint Powers Agreement, CDBG Loan Agreement, and Bond Compliance and Fee Agreement are approved in substantially the forms on file with the Executive Director of the HRA.

3. Pursuant to the CDBG Loan Agreement to be entered into between the HRA and the Borrower and certain other loan agreements and related security agreements described therein the HRA and the Borrower agree to the terms and conditions under which the HRA will provide the CDBG Loan for the Project (collectively, the "Supplemental Funding Agreements"). The Board hereby approves the provision of the supplemental funds described above in amounts and from such sources as set forth in the Supplemental Funding Agreements. The Supplemental Funding Agreements are approved in substantially the forms on file with the Executive Director of the HRA.

4. 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 (the "Authorized Officers") to execute and deliver the Supplemental Funding Agreements, the Joint Powers Agreement and the Bond Compliance and Fee Agreement and any other necessary documents, agreements and instruments approved by the City Attorney's Office in connection with the issuance of the Bonds (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 and approved by legal counsel to the HRA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the HRA. The execution of any instrument by the appropriate 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 Authorized 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 duly designated acting official, or by such other officer or officers of the Board as, in the opinion of legal counsel to the HRA, may act in their behalf.

5. The authority to approve, execute and deliver future amendments or consents to the Financing Documents is hereby delegated to the Executive Director of the HRA, subject to the following conditions: (a) such amendments or consents do not materially adversely affect the interests of the HRA; (b) such amendments or consents do not contravene or violate any policy of the HRA, or applicable provision of law; (c) such amendments or consents do not require the consent of the holders of the Bonds or such consent has been obtained; 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 EDA authorized to act in his or her place and stead.

6. In no event shall the Bonds ever be payable from or charged upon any funds of the HRA or Saint Paul; nor shall the HRA or Saint Paul be subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the HRA or Saint Paul to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of the HRA or Saint Paul; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the HRA Saint Paul; and the Bonds do not constitute an indebtedness of the HRA or Saint Paul within the meaning of any constitutional or statutory limitation. The HRA's Executive Director, staff and legal counsel are authorized and directed to take all necessary action to implement this Resolution.

7. The Borrower has agreed and it is hereby determined that any and all costs incurred by Saint Paul or the HRA in connection with the financing of the Project will be paid by the Borrower, whether or not the Project is carried to completion and whether or not Coon Rapids issues the Bonds.

8. Kennedy & Graven, Chartered, acting as bond counsel, is authorized to assist in the preparation and review of necessary documents relating to the Project and the financing program therefor.