



Legislation Details (With Text)

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| Title: | Resolution Authorizing the Issuance of Conduit Housing Revenue Obligations (Pioneer Press Building Project); Approving Related Documents; Waiving the Policy on Developer's Fees; and Adopting a Housing Program, 345 Cedar Street, District 17, Ward 2 | | |
| Sponsors: | Rebecca Noecker | | |
| Indexes: | | | |
| Code sections: | | | |
| Attachments: | 1. Board Report, 2. Map, 3. Sources and Uses, 4. Public Purpose, 5. District 17 Profile | | |

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|-----------|------|-----------------------------------|---------|--------|
| 6/14/2017 | 1 | Housing & Redevelopment Authority | Adopted | Pass |

Resolution Authorizing the Issuance of Conduit Housing Revenue Obligations (Pioneer Press Building Project); Approving Related Documents; Waiving the Policy on Developer's Fees; and Adopting a Housing Program, 345 Cedar Street, District 17, Ward 2

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), is a political subdivision of the State of Minnesota, 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 and notes to finance or refinance multifamily housing developments located within the City, and as a condition to the issuance of such revenue bonds and notes, 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 notes 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, Pioneer Apartments, LLLP, a Minnesota limited liability limited partnership (the "Borrower"), has requested that the HRA issue its revenue bonds and notes under the Act and lend the proceeds thereof to the Borrower to finance the following: (i) the acquisition of an existing 8-story office building located at 345 Cedar Street in Saint Paul, Minnesota and renovation, conversion and equipping of that building into an approximately 143-unit multifamily rental housing development and functionally related facilities (the "Project"); (ii) the funding of capitalized interest and one or more reserve funds to secure the timely payment of the revenue bonds, if necessary, (iii) the payment of interest on the revenue bonds during the renovation of the Project; and (iv) the payment of costs of issuance and other costs related to the issuance of the revenue bonds and notes; and

WHEREAS, the HRA has prepared a housing program (the "Housing Program") to authorize the issuance by the HRA of revenue bonds and notes in one or more series in a maximum aggregate principal amount not to exceed the lesser of \$24,000,000 or 53% of the Borrower's basis in the Project (to finance the acquisition and rehabilitation of the Project; and

WHEREAS, a notice of public hearing (the "Public Notice") was published in the *Pioneer Press*, a newspaper of general circulation in the City, 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; (iii) the Housing Program; and (iv) approval of the issuance of the Obligations, as hereinafter defined; and

WHEREAS, the Public Notice was published at least 15 days before the public hearing, and at a regularly scheduled meeting of the City Council of the City (the "City Council") on April 5, 2017, the City Council conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing; and

WHEREAS, the Borrower has requested that the HRA issue, sell, and deliver a portion of the principal amount of revenue bonds and notes pursuant to a Trust Indenture between the HRA and U.S. Bank National Association (the "Series A Trustee"), dated on or after July 1, 2017 (the "Series A Indenture") as the Multifamily Housing Revenue Bonds (Pioneer Press Apartments Project), Series 2017A (the "Series A Bonds") to be purchased by Dougherty & Company, LLC (the "Underwriter"); and

WHEREAS, the Borrower has requested that the HRA issue, sell, and deliver a portion of the principal amount of revenue bonds and notes pursuant to a Trust Indenture between the HRA and U.S. Bank National Association (the "Series B Trustee" and, together with the Series A Trustee, the "Trustees"), dated on or after July 1, 2017 (the "Series B Indenture") as the Multifamily Housing Revenue Bonds (Pioneer Press Apartments Project), Series 2017B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") to be purchased by Dougherty & Company, LLC (the "Underwriter") pursuant to a Bond Purchase Agreement among the HRA, the Underwriter and the Borrower (the "Bond Purchase Agreement"); and

WHEREAS, the Borrower has requested that the HRA issue a portion of the principal amount of the revenue bonds and notes as a Multifamily Housing Revenue Note, Series 2017C (the "Series C Note" and, together with the Bonds, the "Obligations") to be purchased by Bridgewater Bank (or another financial institution selected by the Borrower, the "Series C Lender") in accordance with the terms of a Loan Purchase Agreement, dated on or after July 1, 2017, by and between the Borrower and the Series C Lender (the "Series C Purchase Agreement"); and

WHEREAS, the proceeds derived from the sale of the Series A Bonds will be loaned by the HRA to the Borrower pursuant to the terms of a Loan Agreement, dated as of or after July 1, 2017 (the "Series A Loan Agreement"), between the HRA and the Borrower, the proceeds derived from the sale of the Series B Bonds will be loaned by the HRA to the Borrower pursuant to the terms of a Loan Agreement, dated as of or after July 1, 2017 (the "Series B Loan Agreement"), between the HRA and the Borrower, and the proceeds derived from the sale of the Series C Note will be loaned by the HRA to the Borrower pursuant to the terms of a Loan Agreement, dated as of or after July 1, 2017 (the "Series C Loan Agreement" and, together with the Series A Loan Agreement and the Series B Loan Agreement, the "Loan Agreements"), between the HRA and the Borrower; and

WHEREAS, the Obligations: (i) shall be payable solely from the revenues pledged therefor under the Loan Agreements and the Indentures; (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 Loan Agreement; and (v) shall not constitute a general or moral obligation of the City or the HRA; and

WHEREAS, the Borrower has requested a waiver of the HRA's developer's fee policy for the Project and staff is recommending that the HRA Board approve this waiver for the reasons stated in the staff report accompanying this Resolution ("Waiver");

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. Proposal for Issuance of Obligations. For the purpose of providing funds to finance the Project, there is hereby authorized the issuance, sale and delivery of the Obligations in an aggregate principal amount not to exceed the lesser of \$24,000,000 or 53% of the Borrower's basis in the Project, the proceeds of which, together with funds provided by the Borrower, shall be used to finance the Project. 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 HRA Officials are also hereby authorized and directed to execute and deliver a Regulatory Agreement, dated as of or after July 1, 2017, among the HRA, the Borrower and the Trustees (collectively, the "Regulatory Agreement"). The Obligations will be subject to a Bond Compliance Agreement between the HRA and the Borrower (the "Bond Compliance Agreement"). The Obligations shall be special, limited obligations of the HRA payable solely from the funds pledged thereto. The Obligations are not to be payable from nor charged upon any funds of the HRA or the City other than the revenues pledged to their payment, nor is the HRA or the City subject to any liability thereon; no holders of the Obligations shall ever have the right to compel any exercise of the taxing power of the HRA or the City to pay any of the principal of, premium, if any, or interest on the Obligations; the Obligations shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the HRA, or the City, and each Obligation shall recite that the Obligations, including interest thereon, are payable solely from the revenues pledged to the payment thereof and that no Obligation shall constitute a debt of the HRA or the City within the meaning of any constitutional or statutory limitation. The Obligations shall contain a recital that they are issued pursuant to the Act and such recital shall be conclusive evidence of the validity and regularity of the issuance thereof. The HRA further approves the Waiver.

2. Series A Bonds Structure. Pursuant to the Series A Loan Agreement the HRA will loan the proceeds of the Series A Bonds to the Borrower to finance a portion of the Project. The payments to be made by the Borrower under the Series A Loan Agreement are fixed so as to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Series A Bonds when due. When executed, the right, title and interest of the HRA in, to and under, among other things, the Series A Loan Agreement (except as therein provided) will be assigned to the Series A Trustee pursuant to the Series A Indenture between the HRA and the Series A Trustee. The Bonds will be purchased by the Underwriter pursuant to the Bond Purchase Agreement. The Series A Bonds shall bear interest at the rates, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, and shall be in such form and have such other details and provisions as may be prescribed in the Series A Indenture, as executed in accordance with Sections 8 and 12; provided that the average coupon on the Series A Bond shall not exceed 2.25% per annum. The Series A Trustee is hereby appointed as the Paying Agent and the Bond Registrar for the Series A Bonds.

3. Series B Bonds Structure. Pursuant to the Series B Loan Agreement the HRA will loan the proceeds of the Series B Bonds to the Borrower to finance a portion of the Project. The payments to be made by the Borrower under the Series B Loan Agreement are fixed so as to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Series B Bonds when due. When executed, the right, title and interest of the HRA in, to and under, among other things, the Series B Loan Agreement (except as therein provided) will be assigned to the Series B Trustee pursuant to the Series B Indenture between the HRA and the Series B Trustee. The Bonds will be purchased by the Underwriter pursuant to the Bond Purchase Agreement. In accordance with the policy of the HRA, the initial purchasers of the Series B Bonds will be required to execute and deliver an investor letter to the HRA, confirming that each initial purchaser of the Series B Bonds is either (a) a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "1933 Act"), that purchases for its own account or for the account of a

qualified institutional buyer, or (b) an “accredited investor” as defined in Regulation D promulgated under the 1933 Act, that purchases for its own account and without registration under state or other securities laws, pursuant to an exemption for such issuance. The Series B Bonds shall bear interest at the rates, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, and shall be in such form and have such other details and provisions as may be prescribed in the Series B Indenture, as executed in accordance with Sections 8 and 12; provided that the average coupon on the Series B Bond shall not exceed 4.75% per annum. The Series B Trustee is hereby appointed as the Paying Agent and the Bond Registrar for the Series B Bonds.

4. Series C Note Structure. Pursuant to the Series C Loan Agreement, the HRA will loan the proceeds of the Series C Note to the Borrower to finance a portion of the Project. The payments to be made by the Borrower under the Series C Loan Agreement are fixed so as to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Series C Note when due. When executed, the right, title and interest of the HRA in, to and under, among other things, the Series C Loan Agreement (except as therein provided) will be assigned to the Series C Lender pursuant to an Assignment of Loan Agreement dated on or after July 1, 2017, between the HRA and the Series C Lender (the “Loan Assignment Agreement”). The Series C Note proceeds will be disbursed pursuant to a disbursing agreement, between the Borrower, the Series C Lender, and a disbursing agent to be selected by the Borrower. The Series C Note will be further secured by certain security instruments required by the Series C Lender and in forms authorized by the Borrower to be executed by or on behalf of the Borrower in favor of the Series C Lender which may include: (i) one or more collateral assignments of the contracts between the Borrower and the architect and contractor with respect to the Project; (ii) one or more security agreements and indemnity agreements; (iii) one or more guaranty agreements in favor of the Series C Lender and (iv) other security documents that are intended to ensure timely payment of the loan and the Notes (collectively, the “Series C Security Documents”). The Series C Note shall bear interest at an initially variable rate converting to a fixed rate not to exceed 3.50% per annum. The Series C Note shall be in the principal amount, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, and shall be in such form and have such other details and provisions as may be set forth therein, as executed in accordance with Sections 8 and 12.

5. Additional Provisions Relating to Series C Note.

(a) Registration of Transfer. The HRA will cause to be kept at the office of the Executive Director of the HRA a Note Register in which, subject to such reasonable regulations as it may prescribe, the HRA shall provide for the registration of transfers of ownership of the Series C Note. The Series C Note shall be initially registered in the name of the Series C Lender and shall be transferable, subject to the provisions herein and in the Series C Note, upon the Note Register by the Series C Lender in person or by its agent duly authorized in writing, upon surrender of the Series C Note together with a written instrument of transfer satisfactory to the Executive Director of the HRA, duly executed by the Series C Lender or its duly authorized agent. The HRA may require, as a precondition to any transfer, that the transferee provide to the HRA an investor letter in a form satisfactory to the HRA and other evidence satisfactory to the HRA that the transferee is a financial institution or other accredited investor under the securities laws. The following form of assignment shall be sufficient for said purpose.

For value received _____ hereby sells, assigns and transfers unto _____ the attached Note of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, and does hereby irrevocably constitute and appoint _____ attorney to transfer said Note on the books of said HRA with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Section 5(d) of the Resolution authorizing the issuance of the Note.

Dated: _____

Registered Owner

Upon such transfer the Executive Director of the HRA shall note the date of registration and the name and address of the new holder thereof in the Note Register, and in the registration blank appearing on the Series C Note.

(b) Mutilated, Lost or Destroyed Series C Note. In case a Series C Note issued hereunder shall become mutilated or be destroyed or lost, the HRA shall, if not then prohibited by law, cause to be executed and delivered, a new Series C Note, of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Series C Note, or in lieu of and in substitution for such Series C Note destroyed or lost, upon the Series C Lender paying the reasonable expenses and charges of the HRA in connection therewith, and in the case of a Series C Note destroyed or lost, the filing with the HRA of evidence satisfactory to the HRA with indemnity satisfactory to it. If the mutilated, destroyed or lost Series C Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Series C Note, prior to payment.

(c) Ownership of Series C Note. The HRA may deem and treat the person in whose name the Series C Note is last registered in the Note Register and by notation on the Series C Note, whether or not such Series C Note shall be overdue, as the absolute owner of such Series C Note, for the purpose of receiving payment of or on account of the principal thereof, redemption price or interest and for all other purposes whatsoever, and the HRA shall not be affected by any notice to the contrary.

(d) Limitation on Series C Note Transfers. The Series C Note will be issued to either (a) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act, that purchases for its own account or for the account of a qualified institutional buyer, or (b) an “accredited investor” as defined in Regulation D promulgated under the 1933 Act, that purchases for its own account and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Series C Note may not be assigned or transferred in whole or part, nor may a participation interest in the Series C Note be given pursuant to any participation agreement, except to another “qualified institutional buyer” or “accredited investor” in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s) and in a single denomination equal to the entire outstanding principal balance thereof and in accordance with Section 5(a) hereof.

6. Issuance of Replacement Series C Note. Subject to the provisions of Section 5(d), the HRA shall, at the request and expense of the Series C Lender issue a new Series C Note, in aggregate outstanding principal amount equal to that of such Series C Note, and of like tenor except as to number, principal amount, and the amount of the periodic installments payable thereunder, and registered in the name of the Series C Lender, or such transferee as may be designated by the Series C Lender, as applicable.

7. Findings. It is hereby found, determined and declared that:

(a) the Project furthers the policies of the Act;

(b) the Project promotes the public welfare by providing necessary multifamily rental housing, so that adequate multifamily rental housing facilities are available to residents of the City at a reasonable cost;

(c) the Act authorizes the acquisition and renovation of the facilities and equipment to be financed by the Obligations, the issuance and sale of the Obligations, the execution and delivery by the HRA of the Bond Purchase Agreement, the Loan Agreements, the Indentures, the Loan Assignment Agreement, the Regulatory Agreement, the Bond Compliance Agreement, any Security Agreements required to be executed or assigned by the HRA, and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Obligations (collectively, the “Financing Documents”), the performance of all covenants

and agreements of the HRA contained in the Financing Documents to which it is a party, and the performance of all other acts and things required under the constitution and laws of the State of Minnesota to make the Financing Documents to which it is a party and Obligations valid and binding obligations of the HRA in accordance with their terms;

(d) the HRA hereby approves the Series C Security Documents and the execution by the Borrower and delivery to the Trustees, as security for either series of the Bonds, of: (i) any mortgage or security agreements granting a mortgage lien or security interest with respect to the Project or any portion thereof to the Trustees; (ii) one or more collateral assignments of the contracts between the Borrower and the architect and contractor with respect to the Project; (iii) one or more indemnity agreements; and (iv) other security documents that are intended to ensure timely payment of the loan and the Obligations. All such security documents, if any are delivered, shall be substantially in the forms authorized by the Borrower;

(e) it is desirable that the Series A Bonds be issued by the HRA upon the terms set forth in the Series A Indenture, that the Series B Bonds be issued by the HRA upon the terms set forth in the Series B Indenture and that the Series C Note be issued by the HRA upon the terms set forth herein and in the Series C Loan Agreement;

(f) the payments under the Series A Loan Agreement are structured to produce revenue sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Series A Bonds when due, and the Series A Loan Agreement and the Series A Indenture also provide that the Borrower is required to pay all expenses of the operation and maintenance of the facilities to be financed by the Obligations, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and any taxes and special assessments levied upon or with respect to the premises of said facilities and payable during the term of the Series A Loan Agreement and the Series A Indenture;

(g) the payments under the Series B Loan Agreement are structured to produce revenue sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Series B Bonds when due, and the Series B Loan Agreement and the Series B Indenture also provide that the Borrower is required to pay all expenses of the operation and maintenance of the facilities to be financed by the Obligations, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and any taxes and special assessments levied upon or with respect to the premises of said facilities and payable during the term of the Series B Loan Agreement and the Series B Indenture;

(h) the payments under the Series C Loan Agreement are structured to produce revenue sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Series C Note when due, and the Series C Loan Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the facilities to be financed by the Obligations, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and any taxes and special assessments levied upon or with respect to the premises of said facilities and payable during the term of the Series C Loan Agreement;

(i) as provided therein and in the Loan Agreements and the Indentures, the Obligations are not to be payable from or charged upon any funds other than the revenue pledged to the payment thereof; neither the HRA nor the City is subject to any liability thereon; no holder of any Obligation shall ever have the right to compel any exercise by the HRA or the City of any taxing powers to pay any of the Obligations or the interest or premium thereon, or to enforce payment thereof against any property of the HRA or the City, except the interests of the HRA in the Series A Loan Agreement which have been assigned to the Series A Trustee under the Series A Indenture, the interests of the HRA in the Series B Loan agreement which have been assigned to the Series B Trustee under the Series B Indenture, and the interests of the HRA in the Series C Loan Agreement which have been assigned to the Series C Lender under the Loan Agreement Assignment; the Obligations shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the

HRA except the interests of the HRA in the Series A Loan Agreement which have been assigned to the Series A Trustee under the Series A Indenture, the interests of the HRA in the Series A Loan Agreement which have been assigned to the Series B Trustee under the Series B Indenture, and the interests of the HRA in the Series C Loan Agreement which have been assigned to the Series C Lender under the Loan Agreement Assignment; the Obligations shall recite that the Obligations do not constitute or give rise to a pecuniary liability or moral obligation of the HRA, the City, the State of Minnesota or any political subdivision, and that the Obligations, including interest thereon, are payable solely from the revenues pledged to the payment thereof; and the Obligations shall not constitute a debt of the HRA or the City within the meaning of any constitutional or statutory limitation.

8. Approval of Forms; Execution. Subject to the approval of the Saint Paul City Attorney, and the provisions of Sections 12 and 13 hereof, the forms of the Financing Documents and exhibits thereto and all other documents listed in Sections 1 through 4 hereof are approved substantially in the forms on file with the Executive Director of the HRA. Subject to the provisions of Section 12 hereof, the Financing Documents to which the HRA is a party, in substantially the forms submitted, are authorized and directed to be executed in the name and on behalf of the HRA by the Chair or Commissioner, the Executive Director of the HRA and the Director, Office of Financial Services of the City (collectively, the "Authorized Officials"); provided that the Bond Purchase Agreement may be executed on behalf of the HRA solely by the Executive Director of the HRA. Subject to the provisions of Section 12 hereof, the Bonds are to be in executed the name of and on behalf of the HRA by the Authorized Officials, and are to be delivered to the applicable Trustee for authentication and delivery to or at the direction of the holders thereof. Subject to the provisions of Section 12 hereof, the Series C Note is to be executed in the name of and on behalf of the Authorized Officials, and are to be delivered to the Series C Lender. Any other HRA documents and certificates necessary to the transaction described above may be executed by one or more appropriate officers of the HRA, including but not limited to the Executive Director. Copies of all of the documents necessary to the transaction herein described shall be delivered, filed and recorded as provided herein and in the Loan Agreements and Indentures.

9. Official Statements. The HRA hereby consents to the preparation and distribution of public offering documents (the "Official Statements") for the Bonds; provided that it is understood that the HRA has relied upon the Borrower and the Underwriter and legal counsel retained by them to assure the accuracy and completeness of the information set forth in the Official Statements and that therefore the HRA has not made, and will not make, any representations or warranties with respect to the information contained therein, except under the headings "The Issuer" and "ABSENCE OF MATERIAL LITIGATION-The Issuer" but only as it relates to the Issuer.

10. Issuance. The HRA shall proceed forthwith to issue the Obligations, in the forms and upon the terms set forth in the Indentures and this Resolution, if and to the extent the HRA officers determine to proceed with the Project which determination shall be deemed made upon execution of the Financing Documents by the HRA officers. The Obligations shall be payable or prepayable at such time or times, shall bear interest at such rates and shall be subject to such other terms and conditions as set forth therein which the Underwriter, the Series C Lender, the Borrower, the Borrower and the HRA shall agree to, which agreement shall be deemed to have been made upon execution and delivery of the Obligations by the HRA officers. The Authorized Officials are authorized and directed to execute and deliver the Obligations as prescribed in the Indentures and this Resolution.

11. Records and Certificates. The Authorized Officials and other officers of the HRA are authorized and directed to prepare and furnish to the Underwriter and the Series C Lender certified copies of all proceedings and records of the HRA and the City relating to the Obligations, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Obligations as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the HRA as to the truth of all statements contained therein.

12. Changes in Forms Approved; Absent and Disabled Officers. The approval hereby given to the

various documents referred to above 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.

13. Future Amendments. The authority to approve, execute and deliver future amendments to Financing Documents entered into by the HRA in connection with the issuance of the Obligations and consents required under the Financing Documents is hereby delegated to the Executive Director, subject to the following conditions: (a) such amendments or consents do not require the consent of the respective holders of the Obligations 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 of Saint Paul authorized to act in his or her place and stead.

14. Adoption of Housing Program. The Housing Program is hereby adopted, ratified, and approved in all respects without amendment. The preparation of the Housing Program is hereby ratified, confirmed, and approved. The Executive Director 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.

15. Indemnification by Borrower. It is understood and agreed that 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 Obligations, as provided for and agreed to by and between the Borrower and the HRA in the Loan Agreements.

16. Bond Counsel. The HRA hereby authorizes Kennedy & Graven, Chartered, as bond counsel, to prepare, execute, and deliver its approving legal opinions with respect to the Obligations.

17. Validity. The Obligations, 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 Obligations 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 Obligations, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

18. Administrative Fee. The Borrower shall pay the administrative fee of the HRA as provided in the Loan Agreements. 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 Obligations, whether or not the Obligations are 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 Obligations, as provided for and agreed to by

the Borrower in the Loan Agreements.

19. Denominations. The HRA hereby authorizes the issuance of the Series A Bonds in minimum denominations of \$5,000 subject to obtaining a rating in the A or higher category, otherwise the Series A Bonds will be issued in minimum denominations of \$100,000. The Series B Bonds shall be in minimum denominations of at least \$100,000. The Series C Note shall be in a denomination equal to its entire principal amount.

20. Governmental Program. 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 Obligations 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.

21. Headings; Terms. Paragraph headings in this Resolution are for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof. Capitalized terms used but not defined herein shall have the meanings given them in the Financing Documents.

22. Effective Date. This Resolution shall be in full force and effect from and after its approval.