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Title: Resolution Approving the Issuance and Sale of a Conduit Multifamily Housing Revenue Obligation (Dorothy Day Residences Project), Approving Related Documents, and Adopting a Housing Program, 183 Old 6th Street West, District 17, Ward 2.

Sponsors: Rebecca Noecker

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Attachments: 1. Board Report, 2. Map, 3. Sources and Uses, 4. Public Purpose, 5. District 17 Profile

Date	Ver.	Action By	Action	Result
9/13/2017	1	Housing & Redevelopment Authority	Adopted	Pass

Resolution Approving the Issuance and Sale of a Conduit Multifamily Housing Revenue Obligation (Dorothy Day Residences Project), Approving Related Documents, and Adopting a Housing Program, 183 Old 6th Street West, 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 or notes to finance or refinance multifamily housing developments located within the City, and as a condition to the issuance of such revenue bonds or 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 or 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, Dorothy Day Residence Limited Partnership, or an affiliate thereof (the “Borrower”) has requested that the HRA issue its housing revenue notes in one or more series (the “Note”) under the Act and lend the proceeds thereof to the Borrower to: (i) finance the acquisition, construction and equipping of an approximately 177-unit multifamily residential rental housing development and functionally related facilities to be located at 183 Old 6th Street West and on adjacent parcels in the City (the “Project”); (ii) fund one or more reserve funds to secure the timely payment of the Note, if necessary; (iii) pay interest on the Note during the construction of the Project, if necessary; and (iii) pay the costs of issuing the Note; and

WHEREAS, the HRA has prepared a Housing Program (the “Housing Program”) to authorize the issuance by the HRA of the Note in maximum aggregate principal amount not to exceed the lesser of \$7,000,000 or 52% of the Borrower’s basis in the Project to finance the acquisition, construction and equipping 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) the approval of the issuance of the Note; and

WHEREAS, the Public Notice was published at least 15 days before the public hearing at a regularly scheduled meeting of the City Council of the City (the “City Council”), and on August 16, 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.

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:

SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.

1.1 Findings. The HRA hereby finds, determines and declares as follows:

(a) The issuance and sale of the Note by the HRA, pursuant to the Act, is in the best interest of the HRA and the City, and the HRA hereby determines to issue the Note and to sell the Note to BMO Harris Bank N.A. or another financial institution selected by the Borrower (the “Lender”). The HRA will loan the proceeds of the Note (the “Loan”) to the Borrower in order to finance the Project.

(b) Pursuant to a Loan Agreement (the “Loan Agreement”) to be entered into between the HRA and Borrower, the Borrower will agree to repay the Loan in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Note. In addition, the Loan Agreement contains provisions relating to the construction, maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the HRA and Borrower deem necessary or desirable for the financing of the Project.

(c) Pursuant to an Assignment of Loan Agreement between the HRA and the Lender, (the “Assignment of Loan Agreement”), the HRA will pledge and grant a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses).

(d) The obligations of the Borrower under the Loan Agreement and payment of amounts due under the Note will be secured by certain security instruments required by the Lender and in forms authorized by the Borrower to be executed by or on behalf of the Borrower in favor of the Lender which may include: (i) one or more mortgages or security agreements granting a mortgage lien or security interest with respect to the Project or any portion thereof to the Lender or to the HRA and assigned to the Lender pursuant to an Assignment of Mortgage to be executed by the HRA (the “Assignment”); (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 security agreements, and indemnity agreements; (iv) other security documents that are intended to ensure timely payment of the loan and the Note; (v) one or more guaranty agreements including, but not limited to, a guaranty executed by Catholic Charities of the Archdiocese of Saint Paul and Minneapolis in favor of the Lender (collectively, the “Security Documents”).

(e) The Note will be subject to a subordination and intercreditor agreement among the HRA and other lenders for the Project (the “Intercreditor Agreement”) and a master disbursement agreement among the HRA and other lenders for the Project (the “Master Disbursement Agreement”).

(f) As determined by the Lender, the proceeds of the Note may be disbursed pursuant to a Disbursing Agreement (the “Disbursing Agreement”) by and among the Lender, Borrower and a title insurance

company.

(g) Certain requirements of federal and state law which require that a portion of the housing units in the Project be occupied by families of low and moderate income are set forth in a Regulatory Agreement (the "Regulatory Agreement") by and among the HRA, Borrower and the Lender.

(h) Certain requirements of the City and the HRA that apply to the Project are set forth in a Bond Compliance Agreement between the HRA and the Borrower (the "Bond Compliance Agreement")

(i) The Note will be a special, limited revenue obligation of the HRA. The Note shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the HRA or the City be subject to any liability thereon. No holder of any of the Note shall ever have the right to compel any exercise of the taxing power of the HRA or the City to pay the Note or the interest thereon, nor to enforce payment thereof against any property of the HRA or the City. The Note shall not constitute a debt of the HRA or the City within the meaning of any constitutional, charter or statutory limitation.

(j) It is desirable, feasible and consistent with the objects and purposes of the Act to issue the Note for the purpose of financing the costs of the Project.

(k) 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.

(l) The purpose of the Project is, and the effect thereof will be, to promote the public welfare by the acquisition, construction, and equipping of a facility for use as a multifamily housing development designed primarily for occupancy by persons of low and moderate income.

(m) The Act authorizes (i) the acquisition, construction and equipping of the Project, (ii) the issuance and sale of the Note, (iii) the execution and delivery by the HRA of related documents and the performance of all covenants and agreements of the HRA contained therein, and (iv) the performance of all other acts and things required under the constitution and laws of the State of Minnesota to make the Note and such agreement valid and binding obligations of the HRA in accordance with its terms.

(n) It is desirable that the Borrower be authorized, subject to the terms and conditions set forth in the Loan Agreement, which terms and conditions the HRA determines to be necessary, desirable and proper, to complete the acquisition, construction and installation of the Project by such means as shall be available to the Borrower and in the manner determined by the Borrower, and with or without advertisement for bids as required for the acquisition and installation of municipal facilities.

(o) The payments under the Loan Agreement are fixed to produce revenue sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Note when due, and the Loan Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement.

(p) The HRA hereby finds, determines and declares that it is in the public interest of the residents of the City that the Project be undertaken in order to further the public purposes of increasing the supply of decent, safe, and sanitary rental housing units available to residents of the City.

SECTION 2. THE NOTE.

2.1 Authorized Maximum Amount and Form of Note. The Note is hereby approved and shall be issued pursuant to this Resolution in substantially the form on file with the Executive Director of the HRA with

such appropriate variations, omissions and insertions as are necessary and appropriate and are permitted or required by this Resolution, and in accordance with the further provisions hereof. The Note shall be issued in a denomination equal to its entire principal amount. The Note shall mature in the years and amounts and be subject to redemption as therein specified, as such may be modified by agreement of the Lender, Borrower and the HRA; and the principal amount of the Note that may be outstanding hereunder shall not exceed the lesser of \$7,000,000 or 52% of the Borrower's basis in the Project. The actual amount of the Note shall be determined by the agreement of the Lender and the Borrower and the Chair or a Commissioner, the Executive Director and the Director, Office of Financial Services (the "Authorized Officers") as evidenced by their execution of the Notes. The Note will bear interest at a fixed or variable rate determined by the Borrower and the Lender and set forth in the Note as executed by the Authorized Officers; provided that such rate shall be subject to adjustment pursuant to the terms as set forth in the Note, this Resolution, the Loan Agreement, the Assignment of Loan Agreement, a Construction Loan and Bond Purchase Agreement dated as of the date of delivery of the Note, between the Borrower and the Lender (the "Loan Purchase Agreement"), or the Security Documents. The sale of the Note to the Lender at a purchase price equal to its stated amount is hereby accepted.

2.2 The Note. The Note shall be dated as of the date of delivery to the Lender, shall be payable at the time and in the manner and shall be subject to such other terms and conditions as are set forth therein.

2.3 Execution of Note. The Note shall be executed on behalf of the HRA by the Authorized Officers. In case any Authorized Officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such signatory had remained in office until delivery. In the event of the absence or disability of the Authorized Officer, such officers of the HRA as, in the opinion of the HRA Attorney, may act in their behalf, shall without further act or authorization of the HRA execute and deliver the Note.

2.4 Disposition of the Proceeds of the Note. Upon delivery of the Note to the Lender, the Lender shall, on behalf of the HRA, disburse the purchase price thereof for payment of Project costs in accordance with the terms of the Loan Agreement, Disbursing Agreement and Loan Purchase Agreement.

2.5 Registration of Transfer. The HRA will cause to be kept at the office of the Executive Director of the HRA a Note Register for the Note in which, subject to such reasonable regulations as it may prescribe, the HRA shall provide for the registration of transfers of ownership of the Note. The Note shall be initially registered in the name of the Lender and, subject to the limitations on transfer provided herein, shall be transferable upon the Note Register for the Note by the Lender in person or by its agent duly authorized in writing, upon surrender of such Note together with a written instrument of transfer satisfactory to the Executive Director of the HRA, duly executed by the Lender or its duly authorized agent. The HRA will require, as a precondition to any transfer, that the transferee provide to the HRA an investor letter or certification 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 purposes of assigning the Note.

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 Sections 2.5 and 2.8 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 successor holder in the Note Register and in the registration blank appearing on such Note.

2.6 Mutilated, Lost or Destroyed Note. In case the Note 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 Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the payment by the Lender of the reasonable expenses and charges of the HRA in connection therewith, and in the case of a 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 Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

2.7 Ownership of Note. In accordance with the policy of the HRA, the Lender will be required to execute and deliver an investor letter or certification to the HRA, confirming that the Lender 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 the Note 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 the Note for its own account and without registration under state or other securities laws, pursuant to an exemption for such issuance. The HRA may deem and treat the person in whose name the Note is last registered in the Note Register and by notation on the Note, whether or not such Note shall be overdue, as the absolute owner of such Note for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the HRA shall not be affected by any notice to the contrary.

2.8 Limitation on Note Transfers. The Note will be issued to a “qualified institutional buyer” and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note may not be assigned or transferred in whole or part, except to another “accredited investor” or “qualified institutional buyer”. The HRA will require, as a precondition to any transfer, that the transferee provide to the HRA an investor letter or certification 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.

SECTION 3. MISCELLANEOUS.

3.1 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in this Resolution shall not affect the remaining portions of this Resolution or any part thereof.

3.2 Authentication of Transcript. The officers of the HRA are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the validity of the Notes. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the HRA as to the correctness of all statements contained therein.

3.3 Authorization to Execute Agreements. The forms of the proposed Note, the Loan Agreement, the Assignment of Loan Agreement, Regulatory Agreement, the Intercreditor Agreement, the Master

Disbursement Agreement, the Bond Compliance Agreement and the Assignment (collectively, and together with the Loan Purchase Agreement, Disbursing Agreement, the Security Documents and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Note, the "Financing Documents") are hereby approved in substantially the forms on file with the HRA, together with 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 Bond Counsel prior to the execution of the documents, and the Authorized Officers are authorized to execute, in the name of and on behalf of the HRA, the Financing Documents to which the HRA is a party. In the event of the absence or disability of any of the Authorized Officers, such officers of the HRA as, in the opinion of the City Attorney for the HRA, may act in their behalf shall without further act or authorization of the Board do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers. 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 documents in accordance with the terms hereof.

3.4 Future Amendments. The authority to approve, execute and deliver future amendments to the Financing Documents entered into by the HRA in connection with the issuance of the Note and consents required under the Financing Documents is hereby delegated to the Executive Director of the HRA, subject to the following conditions: (a) such amendments or consents to not materially adversely affect the interests of the HRA; (b) such amendments or consents do not contravene or violate any policy of the HRA, (c) such amendments or consents do not require the consent of the holder 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 HRA or the City authorized to act in his or her place and stead.

3.5 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 bonds 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.

3.6 Adoption of Housing Program. The Housing Program is hereby adopted, ratified, and approved in all respects. The preparation of the Housing Program is hereby ratified, confirmed, and approved. 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.

3.7 Costs; Indemnification by Borrower. The Borrower has agreed and it is hereby determined that any and all costs incurred by the HRA in connection with the financing of the Project whether or not the Project is carried to completion will be paid by the 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, the Financing Documents, or the Note, as further provided for and agreed to by and between the Borrower and the HRA in the Loan Agreement. In addition, the Borrower shall pay the administrative fee of the HRA as provided in the Loan Agreement.

3.8 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, or pursuant to, the Financing Documents.