



Legislation Text

File #: RES PH 22-239, **Version:** 1

Approving the issuance of a conduit multifamily housing revenue note by the Housing and Redevelopment Authority (HRA) for a multifamily rental housing development project; reciting a proposal for a Housing Finance Program related to such multifamily rental housing development; approving the related project and program pursuant to Minnesota Statutes, Chapter 462C; authorizing the HRA to issue a conduit multifamily housing revenue note and authorizing the preparation of necessary documents and materials in connection with said project and program, and approving an ARPA Loan, and related documents for 176 South Robert Street, Soul Project (District 3, Ward 2). (Public hearing is continued from August 17.)

- (a) Minnesota Statutes, Chapter 462C (the “Act”) confers upon cities, or housing and redevelopment authorities or port authorities authorized by ordinance to exercise on behalf of a city the powers conferred by the Act, the power to issue revenue notes to finance 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; and
- (b) The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) has been designated, by ordinance, to exercise, on behalf of the City of Saint Paul, Minnesota (the “City”) the powers conferred by Minnesota Statutes, Section 462C.01 to 462C.081; and
- (c) The HRA has received a proposal from Robert Street, LLLP, a Minnesota limited liability limited partnership (or an affiliated entity, the “Borrower”), that the HRA undertake a housing finance program (the “Housing Program”) to finance the Project hereinafter described, pursuant to Minnesota Statutes, Chapter 462C, through the issuance of taxable and tax exempt housing revenue bonds or notes, in one or more series in an estimated aggregate principal amount not to exceed \$33,000,000 (the “Governmental Note”); and
- (d) The project to be financed by the Governmental Note is the acquisition, construction and equipping of a five-story approximately 178-unit multifamily rental housing development and functionally related facilities, including surface and one-level of underground parking and approximately 9,244 of commercial space on the ground floor, to be located on an approximately 2.86 acre site located at 176 South Robert Street in the City (the “Project”); and
- (e) The Project will be owned and operated by the Borrower, or an affiliated entity; and
- (f) The proposal calls for the HRA to loan the proceeds realized upon the issuance and delivery of the Governmental Note to the Borrower pursuant to a loan agreement wherein the Borrower will be obligated to pay all costs and expenses of the HRA and the City incident to the issuance of the Governmental Note; and
- (g) The City desires to facilitate the construction and development of multifamily housing facilities within the City; and the Project will assist the City in achieving these objectives; and
- (h) Pursuant to the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder, a notice of public hearing in the required form was published in a newspaper of general circulation in advance of the date of such public hearing; and
- (i) A public hearing on the Housing Program and the Project was held by the City Council of the City (the “City Council”), on this date, following duly published notice in the Pioneer Press, a newspaper of general

circulation in the City on August 1, 2022, with respect to: (i) the required public hearing under Section 147(f) of the Code; (ii) the required public hearing under Section 462C.04, subdivision 2, of the Act; and (iii) the Housing Program, the Project and the Governmental Note; and

(j) During said public hearing a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing; and

(i) The City has received funds (“ARPA Funds”) from the United States Department of the Treasury, as authorized by Congress pursuant to the American Rescue Plan Act (“ARPA”); and

(j) The City Council has determined that it is in the best interests of the City to loan \$7,850,000 of the ARPA Funds to the Borrower for the Project and the loan for the Project will comply with federal and state guidelines for the use of the Funds under ARPA; and

(k) The City Council has, by separate resolution, authorized the transfer of \$7,850,000 of ARPA Funds from the 30% AMI Deeply Affordable Housing account to a specific account for the Project; and

(l) No public official of the City 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 City Council of the City of Saint Paul, Minnesota, as follows:

1. The City hereby approves the multifamily rental housing project, the Project described above, to be undertaken by the Borrower pursuant to the Borrower’s specifications, and approves the Housing Program therefor, pursuant to the Act.

2. The publication of the notice of public hearing by City staff prior to the public hearing is hereby ratified.

3. On the basis of information available to the City it appears, and the City hereby finds, that the Project constitutes a multifamily housing development within the meaning of subdivision 5 of Section 462C.02 of the Act; that the availability of the financing under the Act and the willingness of the City to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to provide multifamily rental housing opportunities to residents of the City, and to promote more intensive development and use of land within the City.

4. The Project, and the program to finance the Project by the issuance of the Governmental Note, is hereby approved by the City subject to final approval by the Borrower and the purchaser of the Governmental Note as to ultimate details of the financing of the Project, all subject to the availability of an allocation of tax exempt bonding authority for the Governmental Note. This approval is given pursuant to the requirement set forth in Section 147(f) of the Code and the Act and is not offered for any other purposes, including, but not limited to, the tax consequences of this financing arrangement.

5. Pursuant to Chapter 72, Saint Paul, Minnesota Administrative Code, the City hereby authorizes and directs the HRA to issue the Governmental Note to finance the Project and to implement the Housing Program and to take all actions necessary or desirable in connection therewith, and no further approval or authorization of the City shall be required.

6. The Borrower has agreed and it is hereby determined that any and all costs incurred by the City or the HRA in connection with the financing of the Project whether or not the Project is carried to completion and whether or not approved by HRA will be paid by the Borrower.

7. Ballard Spahr LLP, as bond counsel, and such financial institutions as may be selected by Borrower, with the consent of the HRA, are authorized to assist in the preparation and review of necessary documents relating to the Project and the financing program therefor, to consult with the Saint Paul City Attorney, Borrower and the purchaser of the Governmental Note as to the maturities, interest rates and other terms and provisions of the Governmental Note and as to the covenants and other provisions of the necessary documents and submit such documents to the HRA for final approval.

8. The City Council hereby approves the American Rescue Plan Act Loan Agreement, between the City and the Borrower, (the "ARPA Loan Agreement") which includes authorization of the ARPA Funds in an aggregate principal amount of up to of \$7,850,000, in substantially the form on file with the Executive Director, together with any related documents necessary in connection therewith, including, without limitation, all documents, exhibits, certifications or consents referenced in or attached to the ARPA Loan Agreement including, without limitation, a promissory note, mortgage, assignment of rents and leases, and a disbursing agreement and any subordinations, assignments or consents necessary in connection with the Borrower's financing, (collectively, the "ARPA Loan Documents").

9. The City's Mayor or Deputy Mayor; Director, Department of Planning and Economic Development; and Director, Office of Financial Services (the "Authorized Officials") are hereby authorized to execute and deliver the ARPA Loan Documents to which the City is a party.

The approval hereby given to the ARPA Loan 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 as determined by the parties thereto and approved by the Saint Paul City Attorney, the appropriate City 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 City. The execution of any instrument by the appropriate officer or officers of the City 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 City Council by such officer or officers of the City as, in the opinion of the Saint Paul City Attorney, may act in their behalf.

10. Nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Project other than ARPA funds described in Section 8 hereof. The Governmental Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City or the HRA except the revenue and proceeds pledged to the payment thereof, nor shall the City or the HRA be subject to any liability thereon. The holders of the Governmental Note shall never have the right to compel any exercise of the taxing power of the City or the HRA to pay the outstanding principal on the Governmental Note or the interest thereon, or to enforce payment thereon against any property of the City or the HRA. The Governmental Note shall recite in substance that the Governmental Note, including the interest thereon, are payable solely from the revenue and proceeds pledged to the payment hereof. The Governmental Note shall not constitute a debt of the City or the HRA within the meaning of any constitutional or statutory limitation.

11. In anticipation of the issuance of the Governmental Note to finance all or a portion of the Project, and in order that completion of the Project pursuant to the Borrower's specifications 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 Project to be financed from the proceeds of the Governmental Note, as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Governmental Note if and when delivered but otherwise without liability on the part of the City or the HRA.

12. The City Council hereby authorizes the appropriate City Officials or their proper designees to execute agreements and such other documents necessary to carry out this Resolution. The City may execute documents, certificates, and instruments relating to the issuance of the Governmental Note, the ARPA Loan and the Project by electronic signature. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message; or (iii) a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party).

13. The City's PED Director, staff and legal counsel are hereby authorized and directed to take all actions necessary to implement this Resolution.