



Legislation Text

File #: RES 24-668, **Version:** 1

Approving the issuance by the City of Brooklyn Park of conduit multifamily housing revenue bonds on behalf of Brooklyn Park AH II, LLLP using, in part, recycled bonding authority from the Dale Street project, 313 Dale Street North (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) Brooklyn Park AH II, LLLP, a Minnesota limited liability limited partnership, (or an affiliated entity, the “Borrower”), desires to finance the acquisition, construction, and equipping of an approximately 175-unit multifamily rental housing development and facilities functionally related and subordinate thereto to be located at or about 9450 Decatur Drive North in the City of Brooklyn Park (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 recycling bonding authority as permitted by Section 146(i)(6) of the Internal Revenue Code of 1986, as amended (the “Code”), the Borrower has proposed that the City of Brooklyn Park, Minnesota (the “Issuer”) undertake a housing finance program (the “Housing Program”) to finance the Project pursuant to the Act through the issuance by the Issuer of housing revenue bonds in one or more series, including any temporary or interim financing to preserve the recycled bonding authority, in an estimated principal amount not to exceed \$50,000,000 (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 (the “City”), 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) Section 146(i)(6) of the Code permits the reuse of bonding authority for affordable housing projects and treats the reuse as a refunding for tax purposes if: (i) the “refunding” occurs within 4 years after the original bonds were issued, (ii) the “refunding” bonds are issued within 6 months after the principal payment of the original bonds, and (iii) the “refunding” bonds mature within 34 years of the original issue date and the Borrower has represented to the HRA that the Bonds will meet the requirements of Section 146(i)(6) of the Code with respect to the reuse of bonding authority from the HRA’s Multifamily Housing Revenue Bonds (Dale Street Project), Series 2023 (the “Original Bonds”); and

(g) Section 147(f) of the Code requires that an applicable elected representative of each governmental unit in which facilities to be financed by the Bonds are located and the issuer of the Bonds 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 Issuer was held on this date following duly published notice, at which time all persons who desired to speak were heard; and

(i) The HRA and the Issuer will enter into a Joint Powers Agreement and acknowledged and accepted by the Borrower upon issuance of the Bonds (the "Joint Powers Agreement") relating to the reuse of bonding authority from the Original Bonds; and

(j) The Borrower's proposal calls for the Issuer 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

(k) The City desires to facilitate the preservation and construction of affordable multifamily housing facilities within Minnesota and the efficient use of limited resources available for funding affordable housing; and the Project will assist the City in achieving these objectives; 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, as follows:

1. Upon payment of the applicable fees charged by the HRA, the City hereby consents to and approves the issuance of the Bonds, including any temporary or interim financing to preserve the recycled bonding authority, by the Issuer to finance the Project using, in part, recycled bonding authority from the Original Bonds in an amount to be determined by the Executive Director of the HRA and set forth in the Joint Powers Agreement prior to the execution thereof.

2. In no event shall the Bonds ever be payable from or charged upon any funds of the HRA or City; nor shall the HRA or City 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 City to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of the HRA or City; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the HRA or City; and the Bonds do not constitute an indebtedness of the HRA or City 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.

4. The Borrower has agreed and it is hereby determined that any and all costs incurred by the City or HRA in connection with the financing of the Project, including attorney fees, will be paid by the Borrower, whether or not the Project is carried to completion and whether or not the Issuer issues the Bonds.

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