



**Request for City Council Committee Action  
From the Department of Community Planning & Economic Development**

Date: August 24, 2004

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Jerry LePage, Phone 612-673-5240

Presenter in

Committee: Jerry LePage, Project Coordinator

Approved by: Lee Pao Xiong, Director, CPED Housing Division \_\_\_\_\_

**Subject:** Many Rivers West – Revised Housing Revenue Bond Resolution

**RECOMMENDATION:** Approve the attached City Council Resolution granting final approval of up to \$2,900,500 in tax-exempt Multifamily Housing Development Bonds for the Many Rivers West project.

**Previous Directives:** On October 13, 2000, the City Council granted preliminary approval of housing revenue bonds for the entire Many Rivers housing project, which was later divided into two phases: Many Rivers East (1<sup>st</sup> Phase) and Many Rivers West (2<sup>nd</sup> Phase). On July 6, 2001, the MCDA Board approved a total of \$987,682 in MCDA Multifamily funds for the Many Rivers project, including both phases. On July 13, 2001, the City Council approved the acceptance of a \$200,000 Local Housing Initiatives Account (LHIA) grant from the Metropolitan Council. On July 27, 2001, the City Council approved the allocation of \$200,000 in Empowerment Zone funds. On February 13, 2004, the City Council approved a Project Analysis Authorization for the Many Rivers West project. On April 16, 2004, the City Council approved the Many Rivers West Tax Increment Finance Plan, redevelopment contract business terms, the issuance of a Limited Revenue, and a Pay-Go TIF Note in a principal amount not to exceed \$337,000, and also granted final approval of up to \$2,900,500 in tax-exempt Multifamily Housing Development Bonds. On May 28, 2004, the City Council approved an additional \$137,000 in loan funds from the Affordable Housing Trust Fund and also the sale of City land.

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves

- Other financial impact (Explain): Annual bond fees will be collected when the bonds are issued.  
 Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact**

**Ward:** Sixth

**Neighborhood Notification:** The Ventura Village organization previously received the required notification regarding the proposed housing revenue bonds for the Many Rivers West project.

**City Goals:** Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth.

**Comprehensive Plan:** Minneapolis will increase its housing that is affordable to low and moderate income households (Section 4.10), and improve the availability of housing options to all of its citizens (Section 4.11).

**Zoning Code:** The site is zoned C-2, which permits the proposed development.

**Living Wage/Job Linkage:** NA

**Other:**

**Background/Supporting Information**

On April 16, 2004, the City Council approved tax exempt housing revenue bonds in an amount not exceed \$2,900,500 from the City's 2003 Entitlement to provide first mortgage financing for the second phase of Many Rivers. The Many Rivers West project will include 26 rental housing units and approximately 5,500 sq. ft. of commercial space. Additional information on the project is included in the attached Project Data Worksheet.

Based on advice of Bond Counsel (Gray Plant & Mooty), a new resolution for the tax-exempt Multifamily Housing Development Bonds for Many Rivers West is required to correct some technical issues. The proposed bonds will still have a not-to-exceed amount \$2,900,500, as originally approved, and the other terms and conditions of the bond financing remain the same.

**Relating to the City of Minneapolis, Minnesota Multifamily Housing Revenue Bond (Many Rivers West Project) Series 2004; authorizing the issuance thereof pursuant to Minnesota Statutes, Chapter 462C.**

Be It Resolved by the City Council of the City of Minneapolis, Minnesota (the “City”), as follows:

Section 1. Definitions.

1.01. In this Resolution the following terms have the following respective meanings unless the context hereof or use herein clearly requires otherwise:

“Act” means Minnesota Statutes, Chapter 462C, as amended;

“Agreement” means the Loan Agreement to be entered into among the City and the Borrower relating to the Bond;

“Assignment” means the Assignment of Mortgage from the City to the Holder relating to the Bonds;

“Bond” means the Multifamily Housing Revenue Bond (Many Rivers West Project), Series 2004 to be issued by the City pursuant to this resolution in the principal amount of up to \$2,900,500;

“Bond Documents” means the Agreement, the Regulatory Agreement, the Pledge Agreement, the Assignment and the Bond;

“Borrower” means Many Rivers West Limited Partnership, a Minnesota limited partnership, its successors and assigns;

“Holder” means U.S. Bank National Association, as holder of the Bond, and its successors and assigns;

“Pledge Agreement” means the Pledge Agreement to be entered into among the City and the Holder relating to the Agreement and the Bond;

“Project” means the multifamily housing development to be financed with the proceeds of the Bond, as further defined in the Agreement;

“Regulatory Agreement” means the Regulatory Agreement to be entered into among the City, the Holder and the Borrower relating to the Project;

“Resolution” means this resolution of the City.

Section 2. Findings.

2.01. It is hereby found and declared that:

(a) based upon representations made to the City by representatives of the Borrower as to the nature of the Project as described in the Agreement, the Project constitutes a project authorized by the Act;

(b) the purpose of the Project is and the effect thereof is to promote the provision of decent, sanitary and safe housing accommodations for low and moderate income persons;

(c) the financing of the Project, the issuance and sale of the Bond, the execution and delivery of the Bond Documents and the performance of all covenants and agreements of the City contained in the Bond Documents and of all other acts and things required under the charter of the City and the Constitution and laws of the State of Minnesota to make the Bond Documents valid and binding obligations of the City in accordance with their terms are authorized by the Act;

(d) it is desirable that the Bond be issued by the City upon the terms set forth herein and that the City pledge its interest in the Agreement and grant a security interest therein to the Holder as security for the payment of the principal of, premium, if any, and interest on the Bond;

(e) the loan payments contained in the Agreement are fixed and are required to be revised from time to time as necessary, so as to produce income and revenue sufficient to provide for prompt payment of the principal of, premium, if any, and interest on the Bond when due, and the Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but not limited to, adequate insurance thereon and all taxes and special assessments levied upon or with respect to the Project and payable during the term of the Agreement;

(f) under the provisions of the Act, the Bond is not to be payable from nor charged upon any funds of the City other than the revenue pledged to the payment thereof; the City is not subject to any liability thereon; no Holder of the Bond shall ever have the right to compel any exercise of the taxing power of the City to pay the Bond or the interest thereon nor to enforce payment thereof against any property of the City; the Bond, premium, if any, and interest thereon shall not constitute an indebtedness of the City within the meaning of any constitutional, charter or statutory limitation and shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers and shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City other than its interest in the Project;

(g) the execution and delivery of the Bond Documents shall not conflict with or constitute, on the part of the City, a breach of or a default under any existing agreement, indenture, mortgage, lease or other instrument to which the City is subject or is a party or by which it is bound; provided that this finding is made solely for the purpose of estopping the City from denying the validity of the Bond Documents by reason of the existence of any facts contrary to this finding;

(h) no litigation is pending or, to the best knowledge of the members of this City Council, threatened against the City questioning the organization of the City or the right of any officer of the City to hold his or her office or in any manner questioning the right and power of the City to execute and deliver the Bond or otherwise questioning the validity of the Bond or the execution, delivery or validity of the Bond Documents or questioning the pledge of revenues to payment of the Bond or the right of the City to loan the proceeds of the Bond to the Borrower;

(i) all acts and things required under the Constitution and the laws of the State of Minnesota to make the Bond Documents the valid and binding obligations of the City in

accordance with their terms shall have been done upon adoption of this Resolution and execution of the Documents; provided that this finding is made solely for the purpose of estopping the City from denying the validity of the Bond Documents by reason of the existence of any facts contrary to this finding; and

(j) the City is duly organized and existing under the Constitution and the laws of the State of Minnesota and is authorized to issue the Bond in accordance with the Act.

### Section 3. Authorization and Sale.

3.01 Authorization. The City is authorized by the Act to issue revenue bonds and loan the proceeds thereof to finance the acquisition, construction and installation of facilities constituting a “multifamily housing development” as defined in the Act, and to make all contracts, execute all instruments and do all things necessary or convenient in the exercise of such authority.

3.02. Approval of Documents. Pursuant to the foregoing, there have been prepared copies of the following documents, all of which are now or shall be placed on file in the office of the Minneapolis Community Planning and Economic Development Department:

- (a) the Agreement;
- (b) the Pledge Agreement;
- (c) the Bond;
- (d) the Regulatory Agreement; and
- (e) the Assignment.

The forms of the documents listed above are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by the City.

### Section 4. Authorizations.

4.01. Upon the completion of the Bond Documents approved in Section 3.02 hereof and the execution thereof by the other parties thereto, the Finance Officer (or Assistant Finance Officer) shall execute the same on behalf of the City, and the foregoing person and other officers of the City shall execute such other certifications, documents or instruments as bond counsel shall require, subject to the approval of the City, and all certifications, recitals and representations therein shall constitute the certificates, recitals and representations of the City. Execution of any instrument or document by one or more appropriate officers of the City shall constitute and shall be deemed the conclusive evidence of the approval and authorization by the City and the City Council of the instrument or document so executed.

### Section 5. The Bond.

5.01. Form and Authorized Amount. The Bond shall be issued substantially in the form described above with such appropriate variations, omissions and insertions as are permitted or

required by this Resolution. The terms of the Bond are set forth therein, and such terms, including, but not limited to, provisions as to interest rate, dates and amount of payment of principal and interest and prepayment privileges, are incorporated by reference herein. The initial interest rate on the Bond (until the Tender Date as defined in the Bond) shall not exceed an annual rate of 7.00%.

5.02. Execution. The Bond shall be executed on behalf of the City by the persons described in Section 4.01 hereof. In case any officer whose signature shall appear on the Bond shall cease to be such officer before the delivery thereof, such signature shall, nevertheless, be valid and sufficient for all purposes.

5.03. Delivery and Use of Proceeds. Prior to delivery of the Bond, the documents referred to in Section 3.02 hereof shall be completed and executed in form and substance as approved by the City. The City shall thereupon deliver to the holder the Bond together with a certified copy of this Resolution and such closing certificates as are required by bond counsel.

#### Section 6. Limitations of the City's Obligations.

6.01. Notwithstanding anything contained in the Bond Documents, the Bond, premium, if any, and interest thereon shall not constitute an indebtedness of the City within the meaning of any constitutional, charter or statutory limitation and shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers and shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than its interest in the Project, and no Holder of the Bond shall ever have the right to compel any exercise of the taxing power of the City to pay the Bond or the interest thereon or to enforce payment thereof against any property of the City other than its interest in the Project. The agreement of the City to perform the covenants and other provisions contained in this Resolution or the Bond Documents shall be subject at all times to the availability of revenues furnished by the Borrower sufficient to pay all costs of such performance or the enforcement thereof, and neither the City nor any of its officers, employees or agents shall be subject to any personal or pecuniary liability thereon.

#### Section 7. City Representative.

7.01. The Finance Officer or Assistant Finance Officer of the City is hereby designated and authorized to act on behalf of the City for purposes of the Bond Documents.

#### Section 8. Governmental Program.

8.01 The Bond is hereby designated as a "Program Bond" and is determined to be within the "Housing Program" and the "Program," all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.