

RESOLUTION 18-24

**RESOLUTION CALLING FOR A PUBLIC HEARING
ON A PROPOSAL FOR AN AMENDED AND RESTATED HOUSING FINANCE
PROGRAM
AND GIVING PRELIMINARY APPROVAL TO THE ISSUANCE OF
HOUSING FACILITY REVENUE BONDS
TO FINANCE A MULTIFAMILY HOUSING PROJECT
PURSUANT TO MINNESOTA LAW, AND AUTHORIZING
THE PUBLICATION OF A NOTICE OF THE HEARING**

(a) WHEREAS, Minnesota Statutes, Chapter 462C (the "Act"), confers upon cities, the power to issue revenue obligations to finance multifamily housing developments within the boundaries of the city; and

(b) WHEREAS, the City Council of the City of Lexington, Minnesota (the "City") has received a proposal from Lexington Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership, with Lexington Leased Housing Associates I, LLC, a Minnesota limited liability company, as general partner (the "Borrower"), that the City assist in financing a Project hereinafter described, through the issuance of revenue bonds or obligations (in one or more series) (the "Bonds") to be issued in 2018 pursuant to the Act; and

(c) WHEREAS, the City desires to facilitate the maintenance and development of multifamily rental housing within the community; encourage the development of affordable housing opportunities for residents of the City; encourage the development and maintenance of housing facilities designed for occupancy by persons or families of low and moderate incomes; and encourage the development of blighted or underutilized land and structures within the boundaries of the City; and the Project will assist the City in achieving these objectives; and

(d) WHEREAS, the Project to be financed by the Bonds consists of acquisition and construction of an approximately 180-unit multifamily housing facility for low- and moderate-income individuals and families to be located at the northwest corner of Lovell Road NE and Lexington Avenue NE in the City (the "Project"). The Borrower will be the owner and operator of the Project; and

(e) WHEREAS, by a resolution adopted on March 1, 2018, the City Council previously approved a housing finance program for the Project and by a resolution adopted on September 6, 2018, the City has previously approved the issuance of Bonds for the Project in a principal amount not to exceed \$22,000,000; and

(f) WHEREAS, the Borrower has requested that the principal amount of the Bonds be increased by \$8,000,000 for a total principal amount not to exceed \$30,000,000; and

(g) WHEREAS, 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; and

(h) WHEREAS, before proceeding with final consideration of the request of the Borrower it is necessary for the City to hold a public hearing on an amended and restated housing finance program and the proposal pursuant to the Act:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lexington, Minnesota, as follows:

1. A public hearing on the amended and restated housing finance program and proposal of the Borrower will be held at the time and place as set forth in a Notice of Public Hearing substantially in the form attached hereto as Exhibit A.

2. The general nature of the proposal and an estimate of the principal amount of Bonds to be issued to finance the proposal are described in the attached form of Notice of Public Hearing.

3. A draft copy of the amended and restated housing finance program with proposed forms of all attachments and exhibits shall be on file in the office of the City Administrator on the date the Notice of Public Hearing is published.

4. The City Administrator is hereby authorized and directed to cause notice of the hearing to be given one publication in the official newspaper of the City and a newspaper of general circulation available in the City, not less than 15 days nor more than 30 days prior to the date fixed for the hearing, substantially in the form of the attached Notice of Public Hearing with such changes as required or approved by Bond Counsel.

5. The City hereby reaffirms its approval to the proposal of the Borrower that the Borrower undertake the Project, and the City undertake the program of financing therefor, pursuant to the Act, consisting of financing the acquisition and construction of the Project pursuant to the Borrower's specifications and to a loan agreement between the City and the Borrower on such terms and conditions with provisions for revision from time to time as necessary, so as to produce income and revenues sufficient to pay, when due, the principal and interest on the Bonds in a total principal amount not to exceed \$30,000,000 to be issued pursuant to the Act to finance the Project; and said agreement may also provide for the entire interest of the Borrower therein to be mortgaged to the purchasers of the Bonds, or a trustee for the holder(s) of the Bonds; and the City, acting by and through the City, hereby undertakes preliminarily to issue its Bonds in accordance with such terms and conditions.

6. At the option of the City, the financing may be structured so as to take advantage of whatever means are available and are permitted by law to enhance the security for, or marketability of, the Bonds; provided that any such financing structure must be consented to by the Borrower.

7. On the basis of information available to the City it appears, and the City hereby reaffirms its findings, that the Project constitutes a multifamily housing development within the meaning of subdivision 5 of Section 462C.02 of the Housing Program Act; that the availability of the financing under the Housing Program 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 encourage the construction of new multifamily

rental housing opportunities to residents of the community, and to promote more intensive development and use of land within the community.

8. The Project and the amended and restated program to finance the Project by the issuance of revenue obligations, are hereby given preliminary approval by the City subject to holding a public hearing thereon and final approval by the City, the Borrower, and the purchasers of the Bonds as to ultimate details of the financing of the Project.

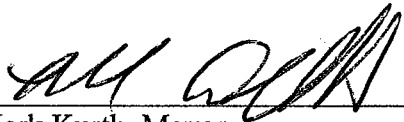
9. Briggs and Morgan, Professional Association, acting as bond counsel, is hereby directed to prepare an amended and restated housing program for financing the Project in accordance with the provisions of Minnesota Statutes, Section 462C.03.

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

11. Briggs and Morgan, Professional Association, acting as bond counsel, is authorized to assist in the preparation and review of necessary documents relating to the Project, to consult with Borrower and the purchaser of the Bonds as to the maturities, interest rates and other terms and provisions of the Bonds and as to the covenants and other provisions of the necessary documents and submit such documents to the City for final approval.

12. Nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Project other than the revenues derived from the Project or otherwise granted to the City for this purpose. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City except the revenue and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holder of the Bonds shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment thereon against any property of the City, except such property as may be expressly pledged for the security of the Bonds. The Bonds shall recite in substance that the Bonds, including the interest thereon, are payable solely from the revenue and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

Adopted by the City Council of the City of Lexington, Minnesota, this 4th day of October, 2018.



Mark Kurth, Mayor

ATTEST:



Bill Petracek, City Administrator

EXHIBIT A

NOTICE OF PUBLIC HEARING ON A PROPOSAL FOR A HOUSING FINANCE PROGRAM AND THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE A MULTIFAMILY HOUSING DEVELOPMENT

TO WHOM IT MAY CONCERN:

Notice is hereby given that the City Council of the City of Lexington, Minnesota (the "City"), will meet in the City Council Chambers of City Hall, 9180 Lexington Avenue North, in the City of Lexington, at 7:00 p.m. on Thursday, October 16, 2018, to consider an amended and restated housing finance program of the City and the proposal of Lexington Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership, with Lexington Leased Housing Associates I, LLC, a Minnesota limited liability company, as general partner (the "Borrower"), that the project described below be assisted by the issuance of housing revenue bonds under Minnesota Statutes, Chapter 462C.

The "Project" consists of the acquisition and construction of an approximately 180-unit multifamily housing development known as The Landings of Lexington located at the northwest corner of Lovell Road NE and Lexington Avenue NE in the City. The Project will be owned and operated by the Borrower. The Project consists of approximately the following units:

| <u>Units</u> | <u>Square Footage</u> | <u>Estimated Initial Rents</u> |
|----------------|-----------------------|--------------------------------|
| 30 – 1-bedroom | 723 | \$984 |
| 98 – 2-bedroom | 1,050 | \$1,178 |
| 52 – 3-bedroom | 1,260 | \$1,358 |

The maximum aggregate estimated principal amount of the Bonds or other obligations to be issued in one or more series to finance the Project pursuant to the housing finance program will be approximately \$30,000,000.

Subsequent to approval of an amended and restated housing finance program, the City may issue revenue obligations to finance the housing finance program. The Bonds or other obligations, as and when issued, will not constitute a charge, lien, or encumbrance upon any property of the City, or its housing and redevelopment authority, except the Project and the revenues to be derived from the Project. Such Bonds or obligations will not be a charge against the City's general credit or taxing powers but are payable from sums to be paid by the Borrower pursuant to a revenue agreement.

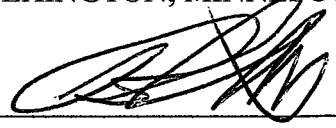
Further information concerning the amended and restated housing finance program and the Project may be obtained from the City Administrator during normal business hours.

At the time and place fixed for the public hearing, the City Council of the City will give all persons who appear at the hearing an opportunity to express their views with respect to the

housing finance program and proposal. Written comments will be considered if submitted at the above City office on or before the date of the hearing.

BY ORDER OF THE CITY COUNCIL OF
THE CITY OF LEXINGTON, MINNESOTA

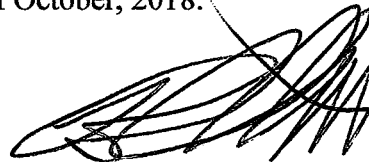
By Bill Petracek
Its Administrator

A handwritten signature in black ink, appearing to read 'Bill Petracek', is written over a horizontal line. The signature is stylized and somewhat cursive.

STATE OF MINNESOTA
COUNTY OF ANOKA
CITY OF LEXINGTON

I, the undersigned, being the duly qualified and acting Administrator of the City of Lexington, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City duly called and held on the date therein indicated, insofar as such minutes relate to calling for a public hearing on and giving preliminary approval to housing facility revenue bonds to finance a housing finance program.

WITNESS my hand this 5th day of October, 2018.



Bill Petracek, City Administrator