

RESOLUTION 18-11

RESOLUTION APPROVING A HOUSING FINANCE PROGRAM TO FINANCE A MULTIFAMILY HOUSING PROJECT AND GIVING PRELIMINARY APPROVAL TO THE PROJECT AND THE ISSUANCE OF REVENUE BONDS PURSUANT TO MINNESOTA LAW (LEXINGTON APARTMENTS PROJECT)

(a) WHEREAS, Minnesota Statutes, Chapter 462C the "Act") confers upon cities the power to issue revenue obligations to finance a program for the purposes of planning, administering, making or purchasing loans with respect to one or more combined developments consisting of a multifamily housing development within their boundaries; and

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

(c) WHEREAS, the City desires to facilitate the maintenance and development of rental housing facilities within the community; encourage the development of affordable housing opportunities for residents of the City; 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 financing the acquisition construction and equipping of a multifamily housing facility for low- and moderate-income individuals and families of approximately 180 rental housing units to be located at the northwest corner of Lovell Road NE and Lexington Avenue NE in the City and financing various other capital expenditures relating to the Project. The Project will be owned and operated by the Borrower; and

(e) WHEREAS, a public hearing on the Project and the housing finance program was held this same date, after notice was published in the official newspaper of the City not less than 15 days in advance of said public hearing, and materials were made available for public inspection at the City Hall, all as required by the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), at which public hearing all those appearing who desired to speak were heard and written comments were accepted; and

(f) WHEREAS, pursuant to Section 462C.04 of the Act, the City made timely submission of the housing finance program to the Metropolitan Council for its review and comment, and the City has heretofore received favorable comment from the Metropolitan Council on such program;

(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:

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

1. The City hereby gives preliminary 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 and to a loan agreement to be entered into 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 \$22,000,000 to be issued in 2018 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, hereby undertakes preliminarily to issue its Bonds in accordance with such terms and conditions.

2. 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.

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 its boundaries within the meaning of Section 462C.05 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 encourage the construction and maintenance of affordable multifamily rental housing opportunities to residents of the community, and to promote more intensive development and use of land within the community.

4. The housing program in substantially the form attached hereto as Exhibit A is hereby approved.

5. The Project and the program to finance the Project by the issuance of revenue bonds, are hereby given preliminary approval by the City subject to final approval by the City, the Borrower and the purchasers of the Bonds as to ultimate details of the financing of the Project.

6. 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.

7. All prior actions taken by the City staff in directing Briggs and Morgan, Professional Association, acting as bond counsel to prepare a housing program for financing the Project prepared in accordance with the provisions of Minnesota Statutes, Section 462C.03 are hereby ratified, affirmed, and approved.

8. 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.

9. 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.

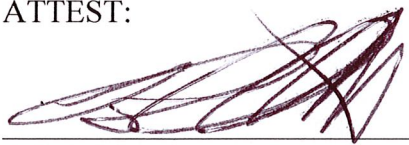
10. Subject to final approval of the Project by the City and in anticipation of the approval by all necessary entities of the housing program and the issuance of the Bonds to finance all or a portion of the Project, and in order that completion of the Project will not be unduly delayed when approved, 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 Bonds, as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Bonds, if any, when delivered but otherwise without liability on the part of the City.

Adopted by the City Council of the City of Lexington, Minnesota this 1st day of March, 2018.



Mayor

ATTEST:



Administrator

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 related to a resolution approving a housing program and granting preliminary approval to the Lexington Apartments Project.

WITNESS my hand this 5 day of March, 2018.



City Administrator

EXHIBIT A

**MULTI-FAMILY RENTAL HOUSING PROGRAM OF THE
CITY OF LEXINGTON, MINNESOTA
FOR
LEXINGTON APARTMENTS PROJECT**

March 1, 2018

Proposal; Authority. The City of Lexington, Minnesota (the "City"), at the request of the Borrower (defined below), proposes to issue revenue bonds, in one or more series, to assist in financing the acquisition and construction of a multi-family rental housing project described herein (this "Program") pursuant to applicable authority conferred upon the City by the laws of the State of Minnesota, including without limitation Minnesota Statutes, Chapter 462C, as the same may be amended from time to time (collectively, the "Act").

Purposes. In creating this Program, the City is acting in furtherance of its findings that the preservation of the quality of life in the City is in part dependent upon the maintenance and provision of adequate, decent, safe, sanitary, and affordable housing stock; that accomplishing the goals of this Program is a public purpose and will benefit the residents of the City; that the need exists within the City to provide in a timely fashion additional affordable rental housing to and for the benefit of persons of low and moderate income and their families residing and expected to reside within the City; that there exist or are expected to exist persons and families within the City who are and will be able to benefit from and are in need of the Program; that the Program is necessary in view of the limited resources that may be available to such persons relative to the expenses involved in accomplishing the type of objectives outlined in this Program in the absence of one or more of the forms of assistance described herein or otherwise available pursuant to the Act; and that the City hereby finds that such forms of assistance are often necessary for the benefit of such persons, families, and goals and that, furthermore, the successful implementation of the objectives of the kind described in this Program has been found to provide impetus for the development of other housing in the City, as well as the general development of the City, by other persons who are not the beneficiaries of such governmentally sponsored or assisted activities.

Rental Housing Purposes. More particularly, the City finds that there exists a need for affordable multi-family rental housing for qualifying individuals and families, which need is not being filled by private enterprise alone due to a variety of factors, including that the cost of new construction of multi-family rental units may in many cases prove economically unfeasible, given the high costs of construction and prevailing area rental levels, and that therefore appropriate levels of public assistance may be helpful and necessary in bridging that gap.

General Description of the Program. This Program consists of the financing of the acquisition and construction of an approximately 180-unit multi-family rental housing facility (the "Project"). The initial owner of the Project pursuant to the financing will be 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 the general partner (the "Borrower").

Location. This Program is limited to the Project. The Project is located at the northwest corner of Lovell Road NE and Lexington Avenue NE in Lexington, Minnesota.

Units. The Project is currently anticipated to consist of the following units:

| <u>Units</u> | <u>Square Footage</u> | <u>Estimated Initial Rents</u> |
|----------------|-----------------------|--------------------------------|
| 39 – 1-bedroom | 723 | \$939 |
| 81 – 2-bedroom | 1,050 | \$1,126 |
| 60 – 3-bedroom | 1,260 | \$1,297 |

Revenue Bonds. The amount of revenue bonds required to finance this Program will not exceed \$22,000,000. The City preliminarily intends to finance the Program by issuing bonds, in one or more series. The proceeds will finance the acquisition and construction of the Project and pay costs of issuing the bonds. The revenue bonds are expected to be issued in 2018, subject to final Council approval in its sole and absolute discretion.

Monitoring. The City expects to enter into suitable agreements with the Borrower, the purchaser of the bonds and/or others respecting the monitoring or implementation by participants to ensure that the Project will be consistent with this housing Program and its objectives, which for this purpose means providing affordable rental housing.

Meeting Needs; Methods. The Program will meet the need for rental housing for persons and families of low and moderate incomes by providing units at an affordable rent. The City believes that this Program will help meet the identified needs under this Program. The specific methods anticipated to be used include the issuance of revenue bonds under the Act to provide feasible financing for various aspects of the Program so undertaken.

Authorization. The Program is undertaken pursuant to Minnesota Statutes, Section 462C.05, Subdivision 4, for units affordable to persons and families of low and moderate income.

Limits on Gross Income. In connection with the issuance of the Bonds, the Borrower will be required to agree to limit the gross income of occupants of the Project in accordance with the requirements of Minnesota Statutes, Chapter 462C, and with the requirements relating to tax-exempt bonds for qualified residential rental projects.

Adopted and approved on March 1, 2018, by the City Council of the City of Lexington, Minnesota.

Extract of Minutes of a Meeting of the
City Council of the
City of Lexington, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Lexington, Minnesota, was duly held at the City Hall in said City on Lexington, the 5th day of March, 2018, at ^{7:00}~~7:00~~ p.m.

The following members were present:

Council members: Devries, Harris, Hughes, and Murphy. Mayor Kurth
and the following were absent: None

Member Devries introduced the following resolution and moved its adoption:

**RESOLUTION 18-12
A RESOLUTION ADOPTING
THE PLANNED COMMUNITY DEVELOPMENT PLAN
FOR
LOVELL BUILDING SITE**

The motion for the adoption of the foregoing resolution was duly seconded by member Harris, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof: Devries, Harris, Hughes, Murphy, and Kurth
and the following voted against the same: None

whereupon said resolution was declared duly passed and adopted.