

# HENNEPIN COUNTY

## MINNESOTA

### FINAL BOARD AGENDA

#### BOARD OF HENNEPIN COUNTY COMMISSIONERS HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

TUESDAY, JUNE 11, 2019

1:30 PM

Chair: Irene Fernando, District 2

Vice-Chair: Debbie Goettel, District 5

Members: Mike Opat, District 1

Marion Greene, District 3

Angela Conley, District 4

Jan Callison, District 6

Jeff Johnson, District 7

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#### 1. Approval of the Agenda

#### 2. Public Hearing

- A. Public Comment on the sale of residential land within the Lake and Hiawatha redevelopment project to L&H Station Development

#### 3. Minutes from Previous Meeting

- A. Minutes 5-14-2019

#### 4. New Business

##### A. 19-HCHRA-0023

Authorize the conveyance of property located at 2225 Lake St E, Mpls (HSPHD South Mpls Regional Service Center, retail, transit plaza, and associated parking) to Hennepin County

##### B. 19-HCHRA-0024

Neg Amd 1 to Agmts A177673 with MN Housing for an operating subsidy program grant for Park Avenue Apts, incr recv to \$111,000, and A177674 with MN Housing to assign the operating subsidy grant to Lutheran Social Service, extend both contract dates to 12/31/20

##### C. 19-HCHRA-0025

Preliminary approval to issue one or more tax-exempt multifamily housing revenue bonds for an affordable housing project at 114 Fifth St SE, Mpls; authorization to apply for allocation of issuance authority

##### D. 19-HCHRA-0026

Preliminary approval to issue one or more tax-exempt multifamily housing revenue bonds for an affordable housing project at 6247 Bloomington Road, Fort Snelling Upper Post; authorization to apply for allocation of issuance authority

# HENNEPIN COUNTY

## MINNESOTA

### MEETING MINUTES

**BOARD OF HENNEPIN COUNTY COMMISSIONERS**  
**HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY**  
TUESDAY, MAY 14, 2019  
1:30 PM

Chair: Irene Fernando, District 2  
Vice-Chair: Debbie Goettel, District 5

Members: Mike Opat, District 1  
Marion Greene, District 3  
Angela Conley, District 4  
Jan Callison, District 6  
Jeff Johnson, District 7

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The Board of Commissioners of the Hennepin County Housing and Redevelopment Authority met in the Hennepin County Government Center on May 14, 2019. The meeting was called to order at 2:17 PM by Commissioner Fernando, Chair. All Commissioners were present.

#### 1. Approval of the Agenda

Commissioner Debbie Goettel moved to approve the agenda, seconded by Commissioner Jeff Johnson and approved - 7 Yeas

#### 2. Public Hearing

Public comment on the issuance of one or more tax-exempt multifamily housing revenue bonds for an affordable housing project at 854, 902 and 904 14th Ave NE, Mpls

Commissioner Irene Fernando opened the Public Hearing at 2:18 PM. Being that no individuals came forward to testify, the Public Hearing was closed at 2:19 PM.

#### 3. Presentation

A. State of the State's Housing 2019, Minnesota Housing Partnership - Anne Mavity, Executive Director

Kevin Dockry introduced the Minnesota Housing Partnership and Anne Mavity who shared affordable housing research and highlighted current market needs in comparison with the market production of units.

#### 4. Minutes from Previous Meeting

A. Minutes 4-16-2019

#### APPROVED

Commissioner Marion Greene moved to approve the Minutes, seconded by Commissioner Jan Callison and approved - 7 Yeas

#### 5. Claims Register

A. 19-HCHRA-0017

Claims Register for the period ending April 22, 2019

BE IT RESOLVED, that the Claims Register for the period ending April 22, 2019 be approved/ratified.

#### APPROVED/RATIFIED

Commissioner Debbie Goettel moved to approve/ratify, seconded by Commissioner Marion Greene and approved - 7 Yeas

#### 6. New Business

A. 19-HCHRA-0018

Establish a public hearing on the sale of residential land within the Lake and Hiawatha redevelopment project to L&H Station Development on Tuesday, June 11, 2019

BE IT RESOLVED, that a public hearing to receive comment on the sale of residential land within the Lake and Hiawatha redevelopment project (CP 1001597) located at Lake Street and Hiawatha Avenue in South Minneapolis to L&H Station Development be held before the Hennepin County Housing and Redevelopment Authority on June 11, 2019 at 1:30 p.m., or as soon thereafter as practicable in the Board Room (A-2400) of the Hennepin County Government Center, 300 South Sixth Street, Minneapolis; and that the Clerk of the Board be directed to publish notice of the hearing in substantially the form attached hereto as Exhibit A in Finance and Commerce, the official newspaper of the county at least once, 15 days prior to the date of the public hearing, but not more than 30 days prior to the date of the public hearing.

**ADOPTED**

Commissioner Angela Conley moved to adopt the Resolution, seconded by Commissioner Marion Greene and approved - 7 Yeas

**B. 19-HCHRA-0020**

Authorize the issuance and sale of one or more multifamily housing revenue bonds for a 109-unit affordable housing project at 1000 N 3rd St, Mpls

WHEREAS, the Hennepin County Housing and Redevelopment Authority (the "Issuer" or "HCHRA") is a housing and redevelopment authority and a public body corporate and politic duly organized and existing under the Constitution and laws of the State of Minnesota and is authorized under Laws of Minnesota 1987, Chapter 177, as amended, and Minnesota Statutes, Chapters 462C, as amended (the "Housing Act"), to issue revenue obligations to finance multifamily housing developments; and

WHEREAS, in accordance with the provisions of the Housing Act, the Issuer is authorized to carry out the public purposes described in the Housing Act by issuing revenue obligations to finance or refinance multifamily housing developments located within Hennepin County (the "County"), and as a condition to the issuance of such revenue obligations, adopt a housing program providing the information required by Section 462C.03, subdivision 1a, of the Housing Act; and

WHEREAS, in the issuance of the Issuer's revenue obligations and in the making of a loan to finance a multifamily housing development, the Issuer may exercise, within its corporate limits, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, the Redwell, LLLP, a Minnesota limited liability limited partnership (the "Borrower"), has requested that the Issuer issue its revenue obligations under the Housing Act and lend the proceeds thereof to the Borrower to finance the following: (i) the acquisition, construction, and equipping of an approximately 109-unit multifamily rental housing development and facilities functionally related and subordinate thereto, located at 1000 North 3rd Street, Minneapolis (the "City"), within Hennepin County, for occupancy by persons and families of low and moderate income (the "Project"); (ii) the funding of one or more reserve funds to secure the timely payment of the obligations; (iii) the payment of a portion of the interest on the revenue obligations; and (iv) the payment of the costs of issuing the obligations; and

WHEREAS, on September 25, 2018, the Board of Commissioners (the "Board") of the Issuer adopted Resolution 18-HCHRA-0028 (the "Preliminary Resolution"), under the terms of which the Issuer: (i) granted preliminary approval to the issuance of multifamily housing revenue bonds or other obligations (the "Bonds"), in an aggregate principal amount not to exceed \$17,000,000, under the terms of the Housing Act to finance the Project; (ii) authorized the submission of an application to the Minnesota Department of Management and Budget ("MMB") for an allocation of bonding authority under Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act"), in a principal amount not to exceed \$17,000,000; (iii) authorized the preparation of a housing program with respect to the Project in accordance with the requirements of the Housing Act and authorized the submission of the housing program to the Metropolitan Council for its review and comment; and (iv) authorized a public hearing to be conducted by the Board of the Issuer on such other date, and at such time and place, as is deemed appropriate by the Clerk of the Board, with respect to the Project, the housing program, and the proposed issuance of revenue obligations by the Issuer to finance the Project; and

WHEREAS, the Preliminary Resolution constitutes a reimbursement resolution and an official intent of the Issuer to reimburse expenditures with respect to the Project from the proceeds of tax-exempt revenue obligations in accordance with the provisions of Treasury Regulations, Section 1.150-2; and

WHEREAS, on February 12, 2019 the Board of the Issuer adopted Resolution 19-HCHRA-0006, under the terms of which the Issuer established the date for the public hearing to be conducted by the Board of the Issuer on March 19, 2019, commencing on or after 1:30 p.m. in the Hennepin County Commissioner Board Room (A-2400) at the Hennepin County Government Center, 300 South Sixth Street, in the City of Minneapolis; and

WHEREAS, on March 19, 2019, in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 462C.04, subdivision 2 of the Housing Act, the Board of the Issuer held a public hearing at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing, with respect to the Project and the proposed issuance of revenue obligations to provide financing for the Project; and

WHEREAS, the public hearing was preceded by publication of a notice of public hearing in Finance and Commerce, the official newspaper of the County, and in the Star Tribune, a newspaper of general circulation in the County, at least fifteen days before the public hearing held on March 19, 2019; and

WHEREAS, a housing program was prepared with respect to the Project (the "Housing Program") and a copy of the Housing Program was submitted to the Metropolitan Council for its review and comment, in accordance with the requirements the Housing Act; and

WHEREAS, in accordance with the authority granted under the Preliminary Resolution, the Chair of the Issuer and the Executive Director of the Issuer (the "Chair" and the "Executive Director"), and Dorsey & Whitney LLP, acting as bond counsel to the Issuer ("Bond Counsel"), in cooperation with the Borrower, submitted an application for an allocation of bonding authority to MMB, in the amount of \$17,000,000, pursuant to Section 146 of the Code and the requirements of the Allocation Act; and

WHEREAS, the Issuer received Certificate of Allocation No. 348, dated March 11, 2019 (the "Allocation Certificate"), from MMB allocating bonding authority to the Issuer in the amount of \$17,000,000 pursuant to the Allocation Act; and

WHEREAS, in accordance with the Allocation Act, the Bonds must be issued within 120 days from the date of the allocation (the "Allocation Expiration Date"); and

WHEREAS, the Borrower has requested that the Issuer issue its Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS - The Redwell, LLLP Project), Series 2019 (the "Bonds"), in one or more series, in the amount of \$17,000,000 to provide financing for the Project; and

WHEREAS, with respect to the Bonds, there have been presented before the Board (i) a form of Indenture of Trust (the "Indenture") proposed to be entered into between the Issuer and U.S. Bank National Association, as trustee (the "Trustee") (ii) a form of Financing Agreement (the "Financing Agreement") proposed to be entered into between the Issuer, the Trustee, and the Borrower, pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower; (iii) a form of the Bonds; and (iv) a form of Regulatory Agreement (the "Regulatory Agreement") proposed to be entered into between the Issuer, the Borrower, and the Trustee, pursuant to which certain rental and occupancy restrictions will be imposed on the Project; and (v) the form of Bond Purchase Agreement (the "Bond Purchase Agreement") proposed to be entered into between the Issuer, the Borrower, and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), pursuant to which the Underwriter will agree to purchase the Bonds (the Indenture, the Financing Agreement, the Regulatory Agreement and the Bond Purchase Agreement are hereinafter collectively referred to as the "Bond Financing Documents"); and

WHEREAS, prior to the Conversion Date (as defined in the Indenture), the loan repayments to be made by the Borrower under the Financing Agreement will be fixed so as to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Bonds when due; and after the Conversion Date, the MBS payments will be fixed to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Bonds when due; and

WHEREAS, the Issuer has not participated in the preparation of the Preliminary Official Statement or the Official Statement relating to the offer and sale of the Series 2019 Bonds (collectively, the "Official Statement"), and has made no independent investigation with respect to the information contained therein (other than with respect to information provided under the captions "THE ISSUER" and "LITIGATION – Issuer," as it relates to the Issuer), including the appendices thereto, and the Issuer assumes no responsibility for the sufficiency, accuracy, or completeness of such information. Subject to the foregoing, the Issuer hereby consents to the distribution and the use by the Underwriter of the Official Statement in connection with the offer and sale of the Series 2019 Bonds. The Official Statement is the sole material consented to by the Issuer for use in connection with the offer and sale of the Series 2019 Bonds. [The Issuer hereby approves the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), between the Borrower and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent"), in substantially the form on file with the Issuer, and hereby authorizes the Dissemination Agent to execute and deliver the Continuing Disclosure Agreement]; and

WHEREAS, the Bonds and the interest on the Bonds (i) shall be payable solely from the revenues pledged therefor under the Financing Agreement and additional sources of revenue provided by or on behalf of the Borrower; (ii) shall not constitute a debt of the Issuer or the County within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the Issuer or the County or a charge against their general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer or the County other than the Issuer's interest in the Financing Agreement; and (v) shall not constitute a general or moral obligation of the Issuer or the County;

BE IT RESOLVED, by the Board of Commissioners of the Hennepin County Housing and Redevelopment Authority the following:

1. The Issuer acknowledges, finds, determines, and declares that the issuance of the Bonds is authorized by the Housing Act and is consistent with the purposes of the Housing Act and that the issuance of the Bonds, and the other actions of the Issuer under the Indenture, the Financing Agreement, and this resolution ("Resolution") constitute a public purpose and are in the interests of the Issuer. The Project constitutes a "qualified residential rental project" within the meaning of Section 142(d) of the Code, and a "multifamily housing development"

authorized by the Housing Act, and furthers the purposes of the Housing Act. In authorizing the issuance of the Bonds for the financing of the Project and the related costs, the Issuer's purpose is and the effect thereof will be to promote the public welfare of the Issuer and its residents by providing multifamily housing developments for low-or-moderate-income residents of the County and otherwise furthering the purposes and policies of the Housing Act.

2. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Bonds, in the Allocation Amount allocated to the Issuer for the Project prior to the Allocation Expiration Date. The Bonds shall bear interest at the rate or rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Indenture, substantially in the form now on file with the Issuer, with the amendments referenced herein. The Issuer hereby authorizes all or a portion of the Bonds to be issued as "tax-exempt bonds," the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes.
3. All of the provisions of the Bonds, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bonds shall be substantially in the form now on file with the Issuer, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturity of the Bonds, the interest rate or rates on the Bonds and the terms of redemption of the Bonds) as the Chair and the Executive Director, in their discretion, shall determine. The execution of the Bonds with the manual or facsimile signatures of the Chair and the Executive Director and the delivery of the Bonds by the Issuer shall be conclusive evidence of such determination.
4. The Bonds shall be special, limited obligations of the Issuer payable solely from the revenues provided by the Borrower pursuant to the Financing Agreement and other funds pledged to the payment of the Bonds. The Bonds shall not be payable from, nor charged upon any funds other than the revenue pledged to their payment, nor shall the Issuer nor the County be subject to any liability thereon, except as otherwise provided in this paragraph. No owner of the Bonds shall ever have the right to compel any exercise by the Issuer or the County of any taxing powers of the Issuer or the County to pay the Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the Issuer or the County except the interests of the Issuer in the Financing Agreement and the revenues and assets thereunder, which will be assigned to the Trustee. The Bonds shall recite that the Bonds are issued pursuant to the Housing Act, and that the Bonds, including interest and premium, if any, thereon, is payable solely from the revenues and assets pledged to the payment thereof, and the Bonds shall not constitute a debt of the Issuer or the County within the meaning of any constitutional or statutory limitations.
5. The Chair and the Executive Director are hereby authorized and directed to execute and deliver the Indenture and the Financing Agreement. All of the provisions of the Indenture and the Financing Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Indenture and the Financing Agreement shall be substantially in the forms on file with the Issuer which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, and as the Chair and the Executive Director, in their discretion, shall determine, and the execution thereof by the Chair and the Executive Director shall be conclusive evidence of such determinations.
6. To ensure compliance with certain rental and occupancy restrictions imposed by the Housing Act and Section 142(d) of the Code, and to ensure compliance with certain restrictions imposed by the Issuer, the Chair and Executive Director are also hereby authorized and directed to execute and deliver the Regulatory Agreement. All of the provisions of the Regulatory Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Regulatory Agreement shall be substantially in the form on file with the Issuer which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Chair and the Executive Director, in their discretion, shall determine, and the execution thereof by the Chair and the Executive Director shall be conclusive evidence of such determination.
7. The Board authorizes the execution and delivery of the following closing documents relating to the Bonds (collectively, the "Closing Documents"): (i) one or more certificates of the Issuer; (ii) an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038; (iii) an endorsement to a tax certificate of the Borrower relating to arbitrage, rebate, and other tax matters; and (iv) similar documents. All of the provisions of the Bonds, the Bond Financing Documents and the Closing Documents, when executed and delivered as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.
8. The Issuer hereby authorizes Bond Counsel to prepare, execute, and deliver its approving legal opinions with respect to the Bonds and related matters.
9. Simultaneously with the execution and delivery of the Bond Financing Documents and the Closing Documents, there shall be delivered to the Issuer the following: (i) an opinion of counsel to the Borrower as to such matters as shall be required by the Issuer and Bond Counsel; (ii) one or more opinions of Bond Counsel as may be required by the Issuer, the Underwriter, counsel to the Underwriter, the Borrower, and counsel to the Borrower; and (iii) such

other opinions, instruments, and documents as the Issuer may require as a condition to the issuance of the Bonds and the other actions of the County and City authorized by this Resolution.

10. The Housing Program is hereby adopted, ratified, and approved in all respects in the form now on file with the Issuer, without amendment. The preparation of the Housing Program is hereby ratified, confirmed, and approved. The Executive Director is hereby authorized to do all other things and take all other actions as may be necessary or appropriate to carry out the Housing Program in accordance with the Housing Act and any other applicable laws and regulations.
11. Except as otherwise provided in this Resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Issuer or the Board by the provisions of this Resolution or of the aforementioned documents shall be exercised or performed by the Issuer or by such members of the Board, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.
12. No covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board, or any officer, agent or employee of the Issuer or the County in that person's individual capacity, and neither the Board nor any officer or employee executing the Bonds shall be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.
13. No provision, covenant or agreement contained in the aforementioned documents, the Bonds, or in any other document relating to the Bonds, and no obligation therein or herein imposed upon the Issuer or the breach thereof, shall constitute or give rise to a general or moral obligation of the Issuer or the County or any pecuniary liability of the Issuer or the County or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the Issuer has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Financing Agreement which are to be applied to the payment of the Bonds, as provided therein.
14. Except as herein otherwise expressly provided, nothing in this Resolution or in the aforementioned documents expressed or implied is intended or shall be construed to confer upon any person or firm or corporation, other than the Issuer, any holder of the Bonds issued under the provisions of this Resolution, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provisions hereof, this Resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the Issuer, and any holder from time to time of the Bonds issued under the provisions of this Resolution.
15. In case any one or more of the provisions of this Resolution, other than the provisions contained in paragraph 4 hereof, or of the aforementioned documents, or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, or of the aforementioned documents, or of the Bonds, but this Resolution, the aforementioned documents, and the Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.
16. The Bonds, when executed and delivered, shall contain a recital that it is issued pursuant to the Housing Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this Resolution, to the issuance of the Bonds, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.
17. The officers of the Issuer, Bond Counsel, other attorneys, engineers, and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in connection with this Resolution, the aforementioned documents, and the Bonds, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the aforementioned documents, and this Resolution. If for any reason the Chair or the Executive Director is unable to execute and deliver the documents referred to in this Resolution, such documents may be executed by any member of the Board or any officer of the Issuer delegated the duties of the Chair or the Executive Director with the same force and effect as if such documents were executed and delivered by the Chair or the Executive Director.
18. The Borrower shall pay the administrative fee of the Issuer when due in accordance with the terms of the Financing Agreement. The Borrower will also pay, or, upon demand, reimburse the Issuer for payment of, any and all costs incurred by the Issuer in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued, including any costs for reasonable attorneys' fees.
19. The Board hereby affirms its findings in the Preliminary Resolution. The Bonds are authorized to be issued to provide, among other things, permanent financing for the Project.
20. This Resolution shall be in full force and effect from and after its passage, conditional upon final approval by the Board of Commissioners of the County.

**ADOPTED**

Commissioner Angela Conley moved to adopt the Resolution, seconded by Commissioner Jan Callison and approved - 7 Yeas

**C. 19-HCHRA-0021**

2019 TOD funding recommendations-neg 9 TOD grant agmts, 5/15/19-12/31/21, NTE \$2,600,000; neg 1 TOD loan agmt, 5/15/19-12/31/66, NTE \$250,000; amd agmts A166555 and A111086 modify award terms; sup app to 2019 HCHRA budget

BE IT RESOLVED, that the unused portion of the 2016 Transit Oriented Development (TOD) program allocation to the City of St. Louis Park (Agreement A165443) for the PLACE project (Resolution 16-HCHRA-0018), in the amount not to exceed \$75,000, be rescinded and reallocated for distribution under the 2019 TOD program as described herein; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that \$575,000 in prior year TOD program loan repayment proceeds be reallocated for distribution under the 2019 TOD program as described herein; that a supplemental appropriation to the 2019 Hennepin County Housing and Redevelopment Authority (HCHRA) budget in the amount of \$630,000 be authorized; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate TOD Grant Agreements PR00001153 with the City of Crystal, for the Bass Lake Trail project, with the amount not to exceed \$50,000; PR00001161 with the City of Brooklyn Center, for Brooklyn Center Opportunity Site public infrastructure, with the amount not to exceed \$595,000; PR00001163 with the Brooklyn Park Economic Development Authority, for the Brooklyn Park Plaza project, with the amount not to exceed \$55,000; PR00001154 with the City of Eden Prairie, for the Eden Prairie Town Center TOD Employment Access project, with the amount not to exceed \$150,000; PR00001151 with CB LM Redevelopment Limited Partnership, or affiliated entity, for the Gateway Northeast project, with the amount not to exceed \$650,000; PR00001155 with Wellington Management, Inc., or affiliated entity, for the Midtown Corner project, with the amount not to exceed \$200,000; PR00001156 with Northside Artspace Lofts, LP, or affiliated entity, for the Northside Artspace Lofts project, with the amount not to exceed \$350,000; PR00001152 with Northgate Development, or affiliated entity, for Regional Apprenticeship and Training Center project, with the amount not to exceed \$250,000; and PR00001160 with the City of Bloomington, for the South Loop Business Expansion project, with the amount not to exceed \$300,000, during the period May 15, 2019 through December 31, 2021; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreements and related documents on behalf of the authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate TOD Loan Agreement PR00001159 with Amber Apartments Limited Partnership, or affiliated entity, for the Amber Apartments project, with the amount not to exceed \$250,000, during the period May 15, 2019 through December 31, 2066 contingent upon closing on project financing prior to December 31, 2021; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreement and related documents on behalf of the authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate Amendment 1 to Agreement A166555 with Wall Development Company for the Harris Building Food Hall and Office project, extending the contract period from June 30, 2019 to June 30, 2020, with no change in the not to exceed amount of \$300,000; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the amendment and related documents on behalf of the authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate Amendment 2 to Agreement A111086 with Emerge Community Development for the Emerge Career and Technology Center project, reducing the remaining loan principal by up to \$270,000 and modifying loan documents accordingly; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the amendment and related documents on behalf of the authority; and that the Controller be authorized to accept and disburse funds as directed.

**ADOPTED**

Commissioner Angela Conley moved to adopt the Resolution, seconded by Commissioner Marion Greene and approved - 6 Yeas 1 Nays: Johnson

**D. 19-HCHRA-0022**

2019 AHIF funding recommendations-Neg 3 2018 award modifications, 5/9/18-5/13/64; Neg 7 2019 award agmts, 5/14/19-5/13/64, total combined NTE \$3,500,000

BE IT RESOLVED, that the Executive Director be authorized to negotiate modifications to three 2018 Affordable Housing Incentive Fund (AHIF) Program funding awards approved under Resolution 18-HCHRA-0014, recognizing additional funding awarded under the 2019 AHIF Program: Agreements PR00000385 with PERIS, or affiliated entity, for the PERIS Development project, increasing the not to exceed amount by \$650,000 for a new total not to exceed amount of \$1,050,000; PR00000378 with Project for Pride in Living Inc., or affiliated entity, for the Maya Commons project, increasing the not to exceed amount by \$300,000 for a new total not to exceed amount of \$700,000; PR00000373 with Sand Companies, or affiliated entity, for the Element project, increasing the not to exceed amount by \$400,000 for a new total not to exceed amount of \$600,000; and extending each contract period from May 8, 2063 to May 13, 2064;

that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreements and related documents on behalf of the authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate Agreements PR00001176 with RS Eden, or affiliated entity, for the Amber Apartments project, with a not to exceed amount of \$300,000; PR00001080 with Beacon Interfaith Housing Collaborative, or affiliated entity, for the Lydia Apartments project, with a not to exceed amount of \$650,000; PR000001145 with Community Housing Development Corporation, or affiliated entity, for the Olson Townhomes Redevelopment project, with a not to exceed amount of \$400,000; PR00001142 with Project for Pride in Living Inc., or affiliated entity, for the Prosperity Village project, with a not to exceed amount of \$415,000; PR00001141 with American Indian Community Development Corporation, or affiliated entity, for the Pokegama North project, with a not to exceed amount of \$85,000; PR00001143 with City of Lakes Community Land Trust, or affiliated entity, for the Homebuyer Initiated Program project, with a not to exceed amount of \$150,000; and PR00001081 with West Hennepin Affordable Housing Land Trust, or affiliated entity, for the WHAHLT Homes Within Reach project, with a not to exceed amount of \$150,000, during the period May 14, 2019 through May 13, 2064; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the agreements and related documents on behalf of the authority; and that the Controller be authorized to disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Hennepin County Housing and Redevelopment Authority (HCHRA) authorizes the Executive Director to revise, as needed, the AHIF funding amounts of the HCHRA Board approved projects in response to potential changes in a specific project's funding requirements providing that such revisions will not result in an increase in the aggregate funding of \$3,500,000 or any projects being funded that have not been approved by the board.

**ADOPTED**

Commissioner Debbie Goettel moved to adopt the Resolution, seconded by Commissioner Marion Greene and approved - 7 Yeas

**7. Old Business**

**A. 19-HCHRA-0011**

Adoption of the HCHRA Client-based Housing program guidelines and criteria

BE IT RESOLVED, that the Hennepin County Housing and Redevelopment Authority Client-based Housing program guidelines and criteria be adopted.

**19-HCHRA-0011R1 Revised**

Adoption of the HCHRA Client-based Housing program guidelines and criteria

BE IT RESOLVED, that the Hennepin County Housing and Redevelopment Authority Client-based Housing program guidelines and criteria, entitled Supportive Housing Program Guidelines and Criteria, be adopted.

**ADOPTED**

Commissioner Jan Callison moved to adopt the revised Resolution, seconded by Commissioner Mike Opat and approved - 7 Yeas

**8. Adjournment**

On motion the Housing and Redevelopment Authority was adjourned at 3:04 p.m. until Tuesday June 11, 2019

Karen L Keller  
Deputy Clerk to the County Board

**Contracting opportunities can be found on the Hennepin County website: [www.hennepin.us](http://www.hennepin.us)**

# HENNEPIN COUNTY

## MINNESOTA

### Housing and Redevelopment Authority Board Action Request 19-HCHRA-0023

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**Item Description:**

Authorize the conveyance of property located at 2225 Lake St E, Mpls (HSPHD South Mpls Regional Service Center, retail, transit plaza, and associated parking) to Hennepin County

**Resolution:**

BE IT RESOLVED, that the Hennepin County Housing and Redevelopment Authority (HCHRA) authorizes conveyance to Hennepin County of Tracts A, B, C, D, E, F, G, and M, in a registered land survey to be recorded, located at 2225 Lake Street East, Minneapolis (also known as the HSPHD South Minneapolis Regional Service Center, retail, transit plaza, and associated parking); and that following the review and approval by the County Attorney's Office, the Chair be authorized to sign all documents associated with the conveyance on behalf of the authority; and

BE IT FURTHER RESOLVED, that the HCHRA authorizes conveyance to the State of Minnesota (Minnesota Department of Transportation) Tract L, in a registered land survey to be recorded, located at 2225 Lake Street East, Minneapolis; and that following the review and approval by the County Attorney's Office, the Chair be authorized to sign all documents associated with the conveyance on behalf of the authority.

**Background:**

**History:** Hennepin County authorized the transfer of \$56,890,000 from the South Minneapolis Regional Service Center project (CP 1001597) to the Hennepin County Housing and Redevelopment Authority (HCHRA) for the acquisition and development of property located at Hiawatha Avenue and Lake Street, Minneapolis, including the construction of the South Minneapolis Regional Service Center and associated parking (Fund 37 Special Project: HCHRA: South Minneapolis Human Services Center - CP 1002728) (Resolution 14-0440 and Resolution 14-HCHRA-0043).

The HCHRA authorized Agreement A142158 with Special School District 1 (Minneapolis Public Schools) for the acquisition of 2225 Lake Street East at a cost of \$8,000,000; Agreements A142159 and A142160 for the acquisition of two properties adjacent to 2225 Lake Street East at a cost not-to-exceed \$500,000; and Agreement A142164 with L&H Station Development for the construction of the South Minneapolis hub facility and associated specialized operations space (approximately 100,000 usable square feet) and a 406 car parking facility at a total cost not-to-exceed \$45,500,000 (Resolution 14-HCHRA-0043).

HCHRA acquisition of 2225 Lake Street East closed in 2015, and construction of the office and parking facilities was completed and occupied in 2017. Staff determined that the acquisition of the two adjacent parcels (Agreements A142159 and A142160) was no longer needed.

Conveyance of the completed components to Hennepin County completes the HCHRA's work with respect to these elements and positions the assets under the greater county facilities umbrella.

Tract A – Lake Street frontage turnback

Tract B – retail

Tract C – retail

Tract D – retail

Tract E – retail/patio

Tract F – transit plaza  
Tract G – office building and parking  
Tract L – State Highway 55 Right of Way  
Tract M – private drive

A companion Board Action Request accepting conveyance of properties from the HCHRA will be considered separately by the Hennepin County Board of Commissioners.

Remaining budget authority (approximately \$853,000) in the Fund 37 Special Project: HCHRA: South Minneapolis Human Services Center (CP 1002728) will be used for demolition of the public school building, tenant improvements for the eastern end cap of retail space included in the Service Center, and development and closing costs associated with the sale of remaining HCHRA property for phase 2, 3, and 4 housing activities (separately, the HCHRA Board will consider, in one or more phases, disposition of the remaining HCHRA property holdings in the area for private sector housing development).

**Current Request:** This request is for authorization to convey property located at 2225 Lake Street East, Minneapolis to Hennepin County and the State of Minnesota.

**Impacts/Outcome:** The conveyance will permit property at 2225 Lake Street East, Minneapolis to be transferred to the appropriate ownership body overseeing the operation and maintenance of property.

**Recommendation from County Administrator:** Recommend Approval

# HENNEPIN COUNTY

## MINNESOTA

### Housing and Redevelopment Authority Board Action Request 19-HCHRA-0024

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**Item Description:**

Neg Amd 1 to Agmts A177673 with MN Housing for an operating subsidy program grant for Park Avenue Apts, incr recv to \$111,000, and A177674 with MN Housing to assign the operating subsidy grant to Lutheran Social Service, extend both contract dates to 12/31/20

**Resolution:**

BE IT RESOLVED, that the Executive Director be authorized to negotiate Amendment 1 to Agreement A177673 with the Minnesota Housing Finance Agency accepting additional operating subsidy grant funds for 10 housing units owned by the Hennepin County Housing and Redevelopment Authority at the Park Avenue Apartments, located at 2418 Park Avenue in Minneapolis, extending the contract period from December 31, 2019 to December 31, 2020, increasing the receivable amount by \$37,000 for a new total receivable amount of \$111,000; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the amendment and related documents on behalf of the authority; and that the Controller be authorized to accept and disburse funds as directed; and

BE IT FURTHER RESOLVED, that the Executive Director be authorized to negotiate Amendment 1 to Agreement A177674 with the Minnesota Housing Finance Agency to assign the operating subsidy grant Agreement A177673, as amended, to Lutheran Social Service of Minnesota, extending the contract period from December 31, 2019 to December 31, 2020; that following review and approval by the County Attorney's Office, the Chair be authorized to sign the amendment on behalf of the authority; and

BE IT FURTHER RESOLVED, that sponsorship and acceptance of grant funding for this program by the Hennepin County Housing and Redevelopment Authority Board of Commissioners does not imply a continuing funding commitment by the Hennepin County Housing and Redevelopment Authority for this program if these grant funds are not made available or when grant funds are no longer available.

**Background:**

**History:** Park Avenue Apartments, developed and operated by Lutheran Social Service of Minnesota (LSS), is a 48-unit affordable apartment building located at 2418 Park Avenue in Minneapolis. Thirty-eight of the units are available to households earning up to 50 percent of area median income. The remaining 10 units are for households experiencing long-term homelessness or near homelessness.

In order to finance construction of the 10 homeless units, Minnesota Housing Finance Agency (Minnesota Housing), LSS, and the Hennepin County Housing and Redevelopment Authority (HCHRA) created a structure by which the county received zero percent interest rate deferred loans through the Ending Long Term Homelessness Initiative Fund Program and the Publicly Owned Housing Program, and retained the required public ownership of the units through a condominium arrangement (Resolution 07-HCHRA-23).

The 10 homeless units are leased and managed by LSS under a Facility Lease and Management Agreement dated November 15, 2007.

Minnesota Housing provides an operating grant to the HCHRA to subsidize operating costs unique to the operation of the 10 homeless units. The HCHRA has assigned the operating subsidy grant to LSS (Resolution 17-HCHRA-0031). On May 5, 2019, Minnesota Housing approved a one-year renewal of the

operating grant contract, providing \$37,000 to continue to cover operating expenses through December 31, 2020. These amendments will allow the receipt and assignment of this additional operating grant funding for an additional one-year term.

**Current Request:** This request is to negotiate Amendment 1 to Agreement A177673 with Minnesota Housing, increasing the receivable amount by \$37,000 for a new total receivable amount of \$111,000; Amendment 1 to Agreement A177674 with Minnesota Housing to assign the operating subsidy grant for the 10 supportive housing units at the Park Avenue Apartments to LSS, extending the contract termination dates to December 31, 2020.

**Impact/Outcomes:** Approval of these amendments will continue the operating subsidy, paying costs associated with operating supportive housing for households experiencing homelessness for the 10 units owned by the HCHRA at Park Avenue Apartments.

**Recommendation from County Administrator:** Recommend Approval

# HENNEPIN COUNTY

## MINNESOTA

### Housing and Redevelopment Authority Board Action Request 19-HCHRA-0025

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**Item Description:**

Preliminary approval to issue one or more tax-exempt multifamily housing revenue bonds for an affordable housing project at 114 Fifth St SE, Mpls; authorization to apply for allocation of issuance authority

GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS; AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR AN ALLOCATION OF BONDING AUTHORITY UNDER MINNESOTA STATUTES, CHAPTER 474A; AUTHORIZING THE PREPARATION OF A HOUSING PROGRAM PURSUANT TO MINNESOTA STATUTES, CHAPTER 462C; AND ESTABLISHING THE DATE FOR A PUBLIC HEARING AND AUTHORIZING PUBLICATION OF A NOTICE OF PUBLIC HEARING

WHEREAS, the Hennepin County Housing and Redevelopment Authority (the “Issuer” or “HCHRA”) is a housing and redevelopment authority and a public body corporate and politic duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Housing Act”), the Issuer is authorized to carry out the public purposes described in the Housing Act by issuing revenue bonds or other obligations to finance or refinance multifamily housing developments, and as a condition to the issuance of such revenue bonds, adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Housing Act; and

WHEREAS, Holmes Housing Partners, LP, a Minnesota limited partnership, whose general partner is Holmes Housing Management, LLC, a Minnesota limited liability company, or an affiliate (the “Borrower”), submitted an application to the Issuer requesting the issuance of one or more series of multifamily housing revenue bonds or other obligations (the “Bonds”), in an aggregate principal amount not to exceed \$10,000,000 under the provisions of the Housing Act to assist in the acquisition, construction, rehabilitation, and equipping of an approximately 54-unit existing multifamily rental housing facility and facilities functionally related and subordinate thereto located at 114 Fifth Street Southeast in the City of Minneapolis (the “City”) known as Holmes Greenway Housing for occupancy by persons of low and moderate income (the “Project”); and

WHEREAS, under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), prior to the issuance of the Bonds a public hearing duly noticed must be held by the Board of Commissioners (the “Board”) of the HCHRA. Under Section 462C.04, subdivision 2 of the Housing Act, a public hearing must be held on a housing program with respect to the Project after one publication of notice in a newspaper circulating generally in the County, at least fifteen (15) days before the hearing.

**Resolution:**

BE IT RESOLVED, that the Board of the Hennepin County Housing and Redevelopment Authority (HCHRA) approve the following:

1. The Project and the issuance of the Bonds therefore in an amount not to exceed \$10,000,000 are hereby given preliminary approval by the Issuer, subject to mutual agreement of the Issuer, the Borrower, and the initial purchaser of the Bonds as to the details of the Bonds and provisions for their payment. In all events, it is understood, however, that the Bonds shall not constitute a charge,

lien or encumbrance, legal or equitable, upon any property of the Issuer, except the Issuer's interest in the loan agreement with the Borrower for the Project. The Bonds, when, as, and if issued, shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenues received from the Project and property and security pledged to the payment thereof, and shall not constitute general or moral obligations of the Issuer or Hennepin County.

2. The Bonds will be payable solely from the revenues of the Project and other money and security, if any, provided by the Borrower, and the Bonds will not constitute or give rise to a pecuniary liability of the Issuer or of Hennepin County or a charge against the general credit, full faith and credit, or taxing powers of the Issuer or Hennepin County.
3. No holder of any such Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer or Hennepin County to pay the Bonds, or the interest thereon, nor to enforce payment against any property of the Issuer, except revenues of the Project to be paid to the Issuer and pledged to the Bonds.
4. The Borrower may incur expenditures on the Project prior to the issuance of the Bonds therefore, and such expenditures may be reimbursed from proceeds of the Bonds, when, and if issued. This resolution shall constitute an "official intent" to reimburse such expenditures for purposes of Treasury Regulations, Section 1.150-2.
5. The Executive Director and other official employees, and agents of the Issuer, with the assistance of the Borrower and Kennedy & Graven, Chartered in its capacity as bond counsel to the Issuer ("Bond Counsel") are authorized and directed to prepare and submit an application to the Minnesota Department of Management and Budget for an allocation of issuance authority for the Project and the Bonds to be issued therefore in an amount not to exceed \$10,000,000, pursuant to Minnesota Statutes, Chapter 474A, as amended.
6. The Executive Director and other officers, employees and agents of the Issuer are hereby authorized to: (i) prepare a housing program in accordance with the requirements of the Act; (ii) submit the housing program to the Metropolitan Council for its review and comments in accordance with Section 462C.04, subdivision 2 of the Housing Act; and (ii) participate in the preparation and review of necessary documents relating to the Project and Bonds issued in connection therewith.
7. The Borrower will be responsible for paying any and all costs incurred by the Issuer in connection with the Bonds and the Project, including reasonable costs that the Issuer may incur for legal counsel and any reasonable fees the Issuer may charge, whether or not the Project is carried to completion, and whether or not the Bonds or operative instruments are executed.
8. The adoption of this resolution does not constitute a guaranty or firm commitment that the Issuer will issue the Bonds as requested by the Borrower. The Issuer retains the right, in its sole discretion, to withdraw from participation and accordingly not to issue the Bonds, or issue the Bonds in an amount less than the amount referred to herein should the Issuer at any time prior to issuance of the Bonds determine that it is in the best interest of the Issuer not to issue the Bonds, or to issue the Bonds in an amount less than the amount referred to in paragraph 1 hereof, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for this transaction.
9. A public hearing on a housing program relating to the Project and the issuance of the Bonds shall be held before the Board of the HCHRA on a date in September 2019, in Room A-2400 of the Hennepin County Government Center, Minneapolis, Minnesota, or on such other date, and at such time and place, as is deemed appropriate by the Clerk of the Board. The Clerk of the Board shall publish notice of the public hearing, in substantially the form attached hereto as EXHIBIT A in Finance and Commerce, the official newspaper of Hennepin County. Bond Counsel is hereby directed to publish notice of the public hearing in the Star Tribune, a newspaper of general

circulation in Hennepin County. The notice shall be published at least once, in each newspaper, at least 15 days prior to the date of the public hearing, but not more than 30 days prior to the date of the public hearing, and a copy of the housing program shall be submitted to the Metropolitan Council for review and comment on or before the date of publication of the notice. HCHRA staff may post the notice on the HCHRA's website at least seven (7) days before the meeting of the Board of Commissioners at which the public hearing will take place.

### **Background:**

**History:** Vitus Development III, LLC (the "Developer") has submitted an application for housing revenue bond financing to assist in the acquisition and rehabilitation of 54 affordable rental housing units at 114 Fifth Street SE (the "Project") in northeast Minneapolis. The Developer is based in Seattle.

The Project contains 18 one-bedroom and 36 two-bedroom apartments. All 54 units will be affordable to households at or below 60 percent of area median income (AMI), as determined by the U.S. Department of Housing and Urban Development (HUD). The project has an existing Section 8 rental assistance contract for 50 of the 54 units. The developer has committed to retaining the Section 8 contract and extending the affordability period for an additional 30 years.

The current 60 percent annual income limits established by HUD for Hennepin County range from \$42,000 for a one-person household to \$60,000 for a four-person household.

The Project total development cost is expected to be approximately \$15,000,000 dollars. The Developer is requesting Hennepin County Housing and Redevelopment Authority's (HCHRA) preliminary approval to issue multifamily revenue bonds not to exceed \$10,000,000.

The bonds would be special limited obligations of the HCHRA, payable solely from the revenues specifically pledged by the Developer. In addition to the housing revenue bonds, proposed sources of funding include four percent low-income housing tax credits and developer equity.

The Project meets the guidelines for conduit financing, as established by Resolution 02-HCHRA-32, and will preserve 54 units of long-term affordable housing. The request is also consistent with previous HCHRA multifamily housing revenue bond actions such as Redwell, Portland at Third, and Parkview apartment projects.

Since 2000, the HCHRA has issued approximately \$158.6 million in conduit financing for seven projects supporting 1,066 affordable housing units. Another four projects, totaling approximately \$130.8 million and 664 affordable housing units, currently have obtained HCHRA's preliminary approval.

Conduit financing requests typically follow a series of formal actions by the HCHRA Board: 1) consideration of preliminary approval; 2) establishment and holding of a public hearing; and 3) consideration of final approval. During the final approval phase, the Hennepin County Board of Commissioners will consider a companion resolution approving the HCHRA's action.

**Current Request:** This request is for preliminary approval to issue multifamily housing revenue bonds in an amount not to exceed \$10,000,000.

**Impact/Outcomes:** Issuance of multifamily housing revenue bonds will rehabilitate and preserve 54 housing units serving households at or below 60 percent of AMI, of which 50 units will have project-based Section 8 rental assistance.

**Recommendation from County Administrator:** Recommend Approval

### **ATTACHMENTS:**

Description	Upload Date	Type
Exhibit A	5/31/2019	Backup Material

**NOTICE OF PUBLIC HEARING ON ISSUANCE OF REVENUE BONDS TO  
FINANCE A MULTIFAMILY RENTAL HOUSING DEVELOPMENT UNDER  
MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED**

NOTICE IS HEREBY GIVEN that the Board of Commissioners (the “Board”) of the Hennepin County Housing and Redevelopment Authority (the “HCHRA”) will hold a public hearing on \_\_\_\_\_, 2019, commencing on or after \_\_:\_\_ p.m. in the Hennepin County Commissioner Board Room (A-2400) at the Hennepin County Government Center, 300 South Sixth Street, in the City of Minneapolis, Minnesota, to consider a housing program (the “Housing Program”) prepared under the provisions of Minnesota Statutes, Chapter 462C, as amended (the “Act”), for the issuance by the HCHRA of revenue bonds or other obligations (the “Bonds”) to finance a multifamily housing development to be located in the City of Minneapolis. The Bonds are proposed to be issued to finance the Housing Program in an amount not to exceed \$10,000,000. The Bonds may be issued in one or more series of tax-exempt or taxable obligations.

The project proposed to be financed under the Housing Program consists of the acquisition, rehabilitation, construction, and equipping of an approximately 54-unit existing multifamily rental housing facility located at 114 5<sup>th</sup> Street Southeast in the City of Minneapolis known as Holmes Greenway Housing (the “Project”). The Project will be developed and initially operated by Holmes Housing Partners, LP, a Minnesota limited partnership, or its affiliates or assigns. The Bonds will be issued by the HCHRA and will be a special, limited obligation of the HCHRA payable solely from the revenues pledged to the payment thereof. The Bonds will not constitute a general or moral obligation of the HCHRA and will not be secured by any taxing powers of the HCHRA or Hennepin County or other assets of the HCHRA (other than the interests of the HCHRA in the Project) or assets of Hennepin County.

At said time and place all parties who appear shall be given an opportunity to express their views with respect to the Housing Program and the proposal to issue the Bonds to finance the Housing Program and the Project.

For further information, please contact Julia Welle Ayres, Manager of Housing Development and Finance, 612-543-1965.

Dated: [Date of Publication]

# HENNEPIN COUNTY

## MINNESOTA

### **Housing and Redevelopment Authority Board Action Request 19-HCHRA-0026**

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#### **Item Description:**

Preliminary approval to issue one or more tax-exempt multifamily housing revenue bonds for an affordable housing project at 6247 Bloomington Road, Fort Snelling Upper Post; authorization to apply for allocation of issuance authority

GRANTING PRELIMINARY APPROVAL TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (FORT SNELLING UPPER POST PROJECT) IN AN ADDITIONAL AMOUNT NOT TO EXCEED \$30,000,000; AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR AN ALLOCATION OF BONDING AUTHORITY UNDER MINNESOTA STATUTES, CHAPTER 474A; RATIFYING THE AUTHORIZATION GRANTED FOR THE PREPARATION OF A HOUSING PROGRAM PURSUANT TO MINNESOTA STATUTES, CHAPTER 462C; AND ESTABLISHING THE DATE FOR A PUBLIC HEARING AND AUTHORIZING PUBLICATION OF A NOTICE OF PUBLIC HEARING

WHEREAS, the Hennepin County Housing and Redevelopment Authority (the “Issuer” or “HCHRA”) is a housing and redevelopment authority and a public body corporate and politic duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Housing Act”), the Issuer is authorized to carry out the public purposes described in the Housing Act by issuing revenue bonds or other obligations to finance or refinance multifamily housing developments, and as a condition to the issuance of such revenue bonds, adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Housing Act; and

WHEREAS, in the issuance of revenue bonds to finance multifamily housing developments, the Issuer may exercise within its corporate limits any of the powers the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, Fort Snelling Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership (the “Borrower”), submitted an application to the Issuer requesting the issuance of one or more series of multifamily housing revenue bonds or other obligations (the “Bonds”), in an aggregate principal amount not to exceed \$58,000,000 under the provisions of the Housing Act to assist in the financing of the acquisition, rehabilitation, and equipping of an approximately 176-unit multifamily rental housing development and facilities functionally related and subordinate thereto, located at 6247 Bloomington Road, in the Fort Snelling Upper Post, within unincorporated Hennepin County, for occupancy by persons and families of low-and moderate income (the “Project”); and

WHEREAS, under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), prior to the issuance of the Bonds a public hearing duly noticed must be held by the Board of Commissioners (the “Board”) of the HCHRA. Under Section 462C.04, subdivision 2 of the Housing Act, a public hearing must be held on a housing program with respect to the Project (the “Housing Program”) after one publication of notice in a newspaper circulating generally in the County, at least fifteen (15) days before the hearing; and

WHEREAS, under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota, and an application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act"); and

WHEREAS, on August 14, 2018, the Board of Commissioners of the HCHRA adopted Resolution 18-HCHRA-0023 (the "Preliminary Resolution") under the terms of which the HCHRA, among other things: (i) granted preliminary approval to the Project and the issuance of the Bonds in an amount not to exceed \$58,000,000 pursuant to the Housing Act to finance the Project; (ii) authorized and directed the Executive Director and official employees and agents of the Issuer, with the assistance of the Borrower and Kennedy & Graven, Chartered in its capacity as bond counsel with respect to the Project and the Bonds ("Bond Counsel"), to prepare and submit an application to the State of Minnesota Department of Management and Budget ("MMB") for an allocation of bonding authority for the Project and the Bonds in an amount not to exceed \$58,000,000 pursuant to the Allocation Act, including in particular, Section 474A.22 of the Allocation Act, added by special legislation enacted by the Minnesota Legislature (the "Special Law"), which reserves bonding authority for the issuance of residential rental project bonds for purposes of the Project; and (iii) authorized the Executive Director and other officers, employees and agents of the Issuer to prepare a housing program with respect to the Project (the "Housing Program") and submit such Housing Program to the Metropolitan Council for its review and comment in accordance with Section 462C.04, subdivision 2 of the Housing Act and to participate in the preparation and review of necessary documents relating to the Project and Bonds; and

WHEREAS, following the adoption of the Preliminary Resolution, due to increased projected costs of the acquisition, rehabilitation, and equipping of the Project, the Borrower submitted another application to the Issuer requesting the issuance of the Bonds, in the additional aggregate principal amount not to exceed \$30,000,000 for a new total amount not to exceed \$88,000,000 under the provisions of the Housing Act to finance the acquisition, rehabilitation, and equipping of the Project, now estimated to comprise 210 units; and

WHEREAS, the Board may grant preliminary approval to the issuance of the Bonds in the proposed additional amount to finance the Project, and may authorize the submission of an application to MMB for an allocation of bonding authority with respect to the Bonds to finance the Project in accordance with the requirements of Section 146 of the Code and the Allocation Act, including the Special Law.

**Resolution:**

BE IT RESOLVED, that the Board of the Hennepin County Housing and Redevelopment Authority (HCHRA) approve the following:

1. The issuance of the Bonds in an additional aggregate principal amount not to exceed \$30,000,000 for a new total amount not to exceed \$88,000,000 to finance the Project is hereby given preliminary approval by the Issuer, subject to mutual agreement of the Issuer, the Borrower, and the initial purchaser of the Bonds as to the details of the Bonds and provisions for their payment. In all events, it is understood, however, that the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, except the Issuer's interest in the loan agreement with the Borrower for the Project. The Bonds, when, as, and if issued, shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenues received from the Project and property and security pledged to the payment thereof, and shall not constitute general or moral obligations of the Issuer or Hennepin County.
2. The Bonds will be payable solely from the revenues of the Project and other money and security, if any, provided by the Borrower, and the Bonds will not constitute or give rise to a pecuniary liability of the Issuer or of Hennepin County or a charge against the general credit, full faith and credit, or taxing powers of the Issuer or Hennepin County.
3. No holder of any such Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer or Hennepin County to pay the Bonds, or the interest thereon, nor to enforce payment against any property of the Issuer, except revenues of the Project to be paid to the Issuer and

pledged to the Bonds.

4. The Borrower may incur expenditures on the Project prior to the issuance of the Bonds therefore, and such expenditures may be reimbursed from proceeds of the Bonds, when, and if issued. The Preliminary Resolution and this resolution, together, shall constitute an “official intent” to reimburse such expenditures for purposes of Treasury Regulations, Section 1.150-2.
5. The Executive Director and other officials, employees, and agents of the Issuer, with the assistance of the Borrower and Bond Counsel, are authorized and directed to prepare and submit an application to MMB for an allocation of bonding authority for the Project and the Bonds to be issued therefore in an amount not to exceed \$88,000,000 (based on the authority granted pursuant to the Preliminary Resolution for the issuance of the Bonds in an amount not to exceed \$58,000,000 and this resolution for the issuance of the Bonds in an additional amount not to exceed \$30,000,000), pursuant to the Allocation Act and the Special Law.
6. The authorization granted to the Executive Director and other officers, employees and agents of the Issuer pursuant to the Preliminary Resolution with respect to the preparation and submission of the Housing Program to the Metropolitan Council for its review and comments and the participation in the preparation and review of necessary documents relating to the Project and Bonds issued in connection therewith is hereby ratified, confirmed, and approved.
7. The Borrower will be responsible for paying any and all costs incurred by the Issuer in connection with the Bonds and the Project, including reasonable costs that the Issuer may incur for legal counsel and any reasonable fees the Issuer may charge, whether or not the Project is carried to completion, and whether or not the Bonds or operative instruments are executed.
8. The adoption of this resolution does not constitute a guaranty or firm commitment that the Issuer will issue the Bonds as requested by the Borrower. The Issuer retains the right, in its sole discretion, to withdraw from participation and accordingly not to issue the Bonds, or issue the Bonds in an amount less than the amount referred to herein should the Issuer at any time prior to issuance thereof determine that it is in the best interest of the Issuer not to issue the Bonds, or to issue the Bonds in an amount less than the amount referred to in paragraph 5 hereof, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for this transaction.
9. A public hearing on the Housing Program relating to the Project and the issuance of the Bonds shall be held before the Board of the HCHRA on a date, and at a time and place, as is deemed appropriate by the Clerk of the Board. The Clerk of the Board shall publish notice of the public hearing, in substantially the form attached hereto as Exhibit A in Finance and Commerce, the official newspaper of Hennepin County. Bond Counsel is hereby directed to publish notice of the public hearing in the form attached hereto as Exhibit A in the Star Tribune, a newspaper of general circulation in Hennepin County. The notice shall be published at least once, in each newspaper, at least 15 days prior to the date of the public hearing, but not more than 30 days prior to the date of the public hearing, and a copy of the Housing Program shall be submitted to the Metropolitan Council for review and comment on or before the date of publication of the notice. The form of notice of public hearing attached hereto as Exhibit A shall amend and replace the form of notice of public hearing attached to the Preliminary Resolution.

#### **Background:**

**History:** Dominion, through affiliated entity Fort Snelling Leased Housing Associates I, LLLP (the “Developer”), submitted an application for housing revenue bond financing to assist in the renovation of 26 historic buildings into a multifamily residential rental project at 6247 Bloomington Road (the “Project”) in the Fort Snelling Upper Post, unincorporated Hennepin County. The Developer is based in Plymouth, Minnesota.

The Fort Snelling Upper Post site was part of the larger Fort Snelling military base established in 1819.

Construction of the Upper Post buildings began in 1879 and continued into the early 1900s. Over time, the Upper Post served as a defense facility, administration base, and rehabilitation center for wounded veterans. After the site was decommissioned in 1946, the property was transferred to the Minnesota Department of Natural Resources. Fort Snelling was placed on the National Register of Historic Places in 1966. The buildings have remained predominately vacant since that time and have fallen into disrepair.

Once completed, the Project will include 210 rental housing units comprised of seven studio, 69 one-bedroom, 79 two-bedroom, 35 three-bedroom, 19 four-bedroom, and one five-bedroom units. All units will be affordable to households at or below 60 percent of area median income (AMI), as defined by the U.S. Department of Housing and Urban Development (HUD). Units will remain affordable for at least 25 years and veterans will receive a rental preference. The current 60 percent annual income limits established by HUD for Hennepin County range from \$42,000 for a one-person household to \$60,000 for a four-person household.

The Project received Hennepin County Housing and Redevelopment Authority (HCHRA) preliminary approval by Resolution 18-HCHRA-0023 in August, 2018, to issue multifamily revenue bonds not to exceed \$58,000,000 for the Project. Since that time, Project development costs have increased due to design changes to add additional housing units (210, up from 176 originally proposed), increases in costs for building materials and labor, and additional deterioration of the site. The Project total development cost is now expected to be approximately \$134,000,000. In light of the increased costs, the Developer has requested an additional \$30,000,000 in housing revenue bond financing, increasing HCHRA's preliminary approval to a new total amount not to exceed \$88,000,000.

The bonds would be special limited obligations of the HCHRA, payable solely from the revenues specifically pledged by the Developer. In addition to the housing revenue bonds, proposed sources of funding include four percent low-income housing tax credits, Federal and State Historic Tax Credits, developer equity, and Environmental Response Funds.

The Project meets the guidelines for conduit financing, as established by Resolution 02-HCHRA-32, and will provide 210 units of long-term affordable housing. The request is also consistent with previous HCHRA multifamily housing revenue bond actions for historic preservation projects (A-Mill and Millworks Lofts).

Since 2000, the HCHRA has issued approximately \$158.6 million in conduit financing for seven projects supporting 1,066 affordable housing units. Another four projects, including the original application for the Fort Snelling housing, totaling approximately \$130.8 million and 664 affordable housing units, currently have obtained HCHRA preliminary approval.

Conduit financing requests typically follow a series of formal actions by the HCHRA Board: 1) consideration of preliminary approval; 2) establishment and holding of a public hearing; and 3) consideration of final approval. During the final approval phase, the Hennepin County Board of Commissioners consider a companion resolution approving the HCHRA's action.

**Current Request:** This request is for preliminary approval to issue multifamily housing revenue bonds in the additional amount not to exceed \$30,000,000, with a total amount not to exceed \$88,000,000.

**Impact/Outcomes:** Issuance of multifamily housing revenue bonds will create 210 housing units serving households at or below 60 percent of AMI and preserve 26 historic buildings at the Fort Snelling Upper Post.

#### **ATTACHMENTS:**

Description	Upload Date	Type
Exhibit A	5/31/2019	Backup Material

## **Exhibit A**

### **Form of Notice of Public Hearing**

#### **NOTICE OF PUBLIC HEARING ON THE ISSUANCE OF REVENUE BONDS TO FINANCE A MULTIFAMILY RENTAL HOUSING DEVELOPMENT UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED**

NOTICE IS HEREBY GIVEN that the Board of Commissioners (the “Board”) of the Hennepin County Housing and Redevelopment Authority (the “HCHRA”) will hold a public hearing on Tuesday, \_\_\_\_\_, 20\_\_, commencing on or after 1:30 p.m. in the Hennepin County Commissioner Board Room (A-2400) at the Hennepin County Government Center, 300 South Sixth Street, in the City of Minneapolis (the “City”), to consider a housing program (the “Housing Program”) prepared under the provisions of Minnesota Statutes, Chapter 462C, as amended (the “Act”), for the issuance by the HCHRA of revenue bonds or other obligations (the “Bonds”) to finance a multifamily housing development located within unincorporated Hennepin County. The Bonds are proposed to be issued in an aggregate principal amount not to exceed \$88,000,000. The Bonds may be issued in one or more series of tax-exempt or taxable obligations.

The project proposed to be financed under the Housing Program consists of the acquisition, rehabilitation, and equipping of an approximately 210-unit multifamily rental housing development and facilities functionally related and subordinate thereto, located at 6247 Bloomington Road within unincorporated Hennepin County, for occupancy by persons and families of low and moderate income (the “Project”). The Project will be developed and initially operated by Fort Snelling Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership, or its affiliates or assigns. The Bonds will be issued by the HCHRA and will be a special, limited obligation of the HCHRA payable solely from the revenues pledged to the payment thereof. The Bonds will not constitute a general or moral obligation of the HCHRA, Hennepin County (the “County”), the State of Minnesota, or any political subdivision thereof, and will not be secured by any taxing powers of the HCHRA or the County or other assets of the HCHRA (other than the interests of the HCHRA in the Project) or assets of the County.

At said time and place all parties who appear shall be given an opportunity to express their views with respect to the Housing Program and the proposal to issue the Bonds to finance the Housing Program and the Project.

For further information, please contact Julia Welle Ayres, Manager of Housing Development and Finance, 612-543-4342.

Dated: [date of publication]