



To: MAYOR AND COUNCIL

Agenda Item #: IV. D.

From: John Wallin, Finance Director

Action

Discussion

Date: May 20, 2014

Information

Subject: Resolution No. 2014-58 Giving Preliminary Approval To The Issuance Of Housing Revenue Bonds Pursuant To Minnesota Statutes, Chapters 462A and 462C on Behalf of Yorktown Continental, LP

Action Requested:

Adopt Resolution No. 2014-58 Giving Preliminary Approval to the Issuance of Housing Revenue Bonds Pursuant to Minnesota Statutes, Chapter 462A and 462C on Behalf of Yorktown Continental, LP

Information / Background:

Yorktown Continental, LP (the "Borrower"), a limited-purpose entity, proposes to acquire and rehabilitate the existing 264-unit Yorktown Continental apartment building located at 7151 York Avenue South. The Borrower is requesting that the City give preliminary approval to the issuance of up to \$26,500,000 in bonds to finance a portion of the cost of the project. Other sources of financing for the approximately \$64,000,000 project include various sources of taxable financing and low-income housing tax credit equity. Final approval of the project and bond issuance by the City is subject to completion of a public hearing, proposed to be held June 17, and review of documents. Representatives from Yorktown Continental will be at the public hearing to discuss the project and the financing.

The attached resolution as drafted by Dorsey & Whitney gives preliminary approval for the issuance of Housing Revenue Bonds on behalf of Yorktown Continental, LP and proposes a public hearing for June 17 to consider the issuance of conduit debt on the proposed project at 7151 York Avenue South. The Bonds will be special, limited obligations of the City and will be payable solely from the revenues pledged to the payment thereof. No holder of any Bond will ever have the right to compel any exercise of the taxing power of the City to pay the Bonds, or the interest thereon, nor to enforce payment thereon against any property of the City, except money payable by the Borrower to the City and pledged to the payment of the Bonds. The City is authorized by Minnesota Statutes, Chapter 462C, to issue the Bonds to finance multifamily housing developments such as the Development.

Attachment:

Resolution No. 2014-58 Giving Preliminary Approval to the Issuance of Housing Revenue Bonds Pursuant to Minnesota Statutes, Chapter 462A and 462C on Behalf of Yorktown Continental, LP

Tax-Exempt Revenue Bond Financing Guidelines

**CERTIFICATION OF MINUTES RELATING TO
THE ISSUANCE OF HOUSING REVENUE BONDS PURSUANT TO
MINNESOTA STATUTES, CHAPTERS 462A AND 462C ON BEHALF OF
YORKTOWN CONTINENTAL, LP**

Issuer: City of Edina, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on May 20, 2014, at
7:00 o'clock P.M., at the City Hall.

Councilmembers present:

Councilmembers absent:

Documents Attached:

Minutes of said meeting (pages): 1 through __

RESOLUTION NO. 2014-58

RESOLUTION GIVING PRELIMINARY APPROVAL
TO THE ISSUANCE OF HOUSING REVENUE BONDS
PURSUANT TO MINNESOTA STATUTES, CHAPTERS
462A AND 462C ON BEHALF OF YORKTOWN
CONTINENTAL, LP

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certifying that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this _____ day of _____, 2014.

Debra Mangen, City Clerk

Councilmember _____ introduced the following resolution and moved

its adoption:

RESOLUTION NO. 2014-58

RESOLUTION GIVING PRELIMINARY APPROVAL
TO THE ISSUANCE OF HOUSING REVENUE BONDS
PURSUANT TO MINNESOTA STATUTES, CHAPTERS
462A AND 462C ON BEHALF OF YORKTOWN
CONTINENTAL, LP

BE IT RESOLVED by the City Council of the City of Edina, Minnesota (the “City”), as follows:

Section 1. Recitals

1.1 Yorktown Continental, LP, a Minnesota limited partnership (the “Borrower”), has proposed that the City issue its housing revenue bonds in one or more series (the “Bonds”) and loan the proceeds to the Borrower. The proceeds of the Bonds would be used to finance a portion of the costs of the acquisition, rehabilitation and equipping of a 264-unit low-income housing development (the “Development”) located at 7151 York Avenue South in the City. The Borrower has requested that the City consider the issuance of the Bonds in a principal amount not to exceed \$26,500,000, to assist in the financing of the Development.

1.2 The City is authorized by Minnesota Statutes, Chapter 462C (the “Act”), to issue the Bonds to finance multifamily housing developments such as the Development. Minnesota Statutes, Section 462C.07 provides that programs for such multifamily housing developments may be financed with revenue bonds issued by the City, following adoption of a housing program, after a public hearing, and other proceedings conducted in accordance with the requirements of the Act.

Section 2. Preliminary Approval of Bond Financing

2.1 On the basis of the information given the City to date, but subject to the adoption of a housing program following a public hearing as required by the Act, preliminary approval is hereby given to the issuance of the Bonds, in an amount not to exceed \$26,500,000, to provide financing for the Development. The adoption of this resolution shall not be deemed, however, to establish a legal obligation on the part of the City or its Council to issue or to cause the issuance of the Bonds. All details of the Bonds and the provisions for payment thereof shall be subject to final approval of this Council prior to their issuance. The Bonds, if issued, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, except the revenues to be received from the operation of the Development and owner thereof specifically pledged to the payment thereof, and each Bond, when, as and if issued, shall recite in substance that the Bond, including interest thereon, is payable solely from said revenues and funds

specifically pledged to the payment thereof, and shall not constitute a debt or pecuniary liability of the City within the meaning of any constitutional or statutory limitation.

2.2 The City Finance Director is authorized to cause the housing program required by the Act to be prepared and prepare and publish a notice of hearing in substantially the form attached hereto as Exhibit A on the adoption of the housing program and the issuance of the Bonds as required by the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended. The public hearing is expected to be held on June 17, 2014.

Section 3. Application for Bond Issuance Allocation. The Mayor and City Finance Director, in consultation with the Borrower, are authorized to execute the necessary documents on behalf of the City to apply for an allocation of bonding authority for the Development pursuant to the provisions of Minnesota Statutes, Chapter 474A.

Adopted this 20th day of May, 2014.

Mayor

Attest: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember _____ and upon vote being taken thereon, the following

voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

NOTICE OF PUBLIC HEARING RELATING TO A HOUSING PROGRAM
AND PROJECT ON BEHALF OF YORKTOWN CONTINENTAL, LP AND
ITS FINANCING UNDER SECTION 142(D) OF THE INTERNAL REVENUE
CODE OF 1986, AS AMENDED, AND CHAPTERS 462A AND 462C,
MINNESOTA STATUTES; CALLING FOR A PUBLIC HEARING ON THE
FINANCING AND A RELATED HOUSING PROGRAM

CITY OF EDINA, MINNESOTA

NOTICE IS HEREBY GIVEN that the City Council of the City of Edina, Minnesota (the "City"), will meet on Tuesday, June 17, 2014, at 7:00 p.m., or as soon thereafter as practicable, in the Council Chambers located at Edina City Hall, 4801 West 50th Street in the City, for the purpose of conducting a public hearing on (i) a proposal that the City issue tax-exempt revenue bonds (the "Bonds"), under Minnesota Statutes, Chapters 462A and 462C, as amended (the "Act") and Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to finance a project (the "Project") consisting of the acquisition, rehabilitation and equipping of a 264-unit multifamily housing facility located at 7151 York Avenue South in the City (the "Facilities"), together with related project costs, on behalf of Yorktown Continental, LP, a Minnesota limited partnership and (ii) a housing program prepared with respect to the Project and its financing. The aggregate principal amount of the Bonds to be issued for the Project will not exceed \$26,500,000.

The Bonds shall be special, limited obligations of the City and shall be payable solely from the revenues pledged to the payment thereof. No holder of any Bond shall ever have the right to compel any exercise of the taxing power of the City to pay the Bonds, or the interest thereon, nor to enforce payment thereon against any property of the City, except money payable by the Borrower to the City and pledged to the payment of the Bonds.

A draft copy of the housing program relating to the Project is available for public inspection at the office of the City Finance Director, located in City offices, between the hours of 8:00 a.m. and 4:30 p.m. on normal City business days.

All persons interested may appear and be heard at the time and place set forth above, or may file written comments with the City Finance Director prior to the date of the hearing set forth above.

Dated: _____, 2014.

BY ORDER OF THE EDINA CITY
COUNCIL
/s/ Debra Mangen, City Clerk
City Finance Director

City of Edina
**TAX-EXEMPT REVENUE BOND
FINANCING GUIDELINES**

1. **A SIGNIFICANT AMOUNT OF THE BOND PROCEEDS MUST BE USED FOR PROPERTY IMPROVEMENTS OR TO REFUND PREVIOUSLY ISSUED CITY OF EDINA BONDS OR TO PROMOTE OR PRESERVE HOUSING FOR LOW AND MODERATE INCOME INDIVIDUALS OR FAMILIES.**

In addition to new construction, public improvements include replacing or rehabilitating basic building systems such as plumbing, electrical, mechanical, structural, energy efficiency improvements, leasehold improvements, or improvements correcting or improving accessibility for disabled persons.

2. **ALL PROPERTIES RECEIVING REVENUE BOND FINANCING MUST COMPLY WITH URBAN DESIGN STANDARDS.**

Urban design standards include adequate parking, landscaping, screening, and noise and air quality.

3. **REVENUE BONDS WILL ONLY BE ISSUED IF:**

- The Bonds bear a rating of at least "A" or an equivalent rating, or
- The Bonds are privately placed rather than publicly offered, or
- The Bonds are secured by a letter of credit from a financial institution acceptable to the City or other acceptable security sufficient at all times to cover debt service, or
- There is submitted to the City a feasibility study satisfactory to the Council which concludes that sufficient revenues will be generated to cover debt service.

4. **THE CITY OF EDINA MAY ISSUE REVENUE BONDS A PORTION OF WHICH BENEFIT PROPERTIES OUTSIDE THE CITY LIMITS SUBJECT TO THE FOLLOWING:**

- At least 51% of the bond proceeds must be directed to projects within Edina
- A formal request must be received from the City in which the project is located
- The City Council must conclude that the use of bond proceeds in another city will not cause a relocation of a business entity or employees from Edina

5. **AN ISSUANCE FEE OF UP TO ½ PERCENT OF THE PRINCIPAL AMOUNT OF THE BOND ISSUE MUST BE PAID TO THE CITY IN ADDITION TO OTHER COSTS OF ISSUANCE.**
6. **THE ISSUANCE OF THE REVENUE BONDS MUST NOT ADVERSELY AFFECT THE CITY'S ABILITY TO ISSUE BANK QUALIFIED BONDS.**
7. **THE CITY RESERVES THE RIGHT TO SELECT BOND COUNSEL AND OTHER CONSULTANTS OR ADVISORS WITH RESPECT TO THE BOND ISSUE.**