



Public Hearing and Resolution No. 2023-63

City Council Meeting

June 12, 2023



BACKGROUND

- City previously granted preliminary approval to the issuance of conduit financing in a total principal amount not to exceed \$27 million
 - Purpose of financing a portion of the Moon Plaza redevelopment, 169-unit multifamily housing development
- City has received an allocation of bonding authority in the amount of \$25,837,893 in tax exempt bonds
- At its meeting on May 22nd, Council adopted a resolution increasing the not to exceed amount from \$27 million to \$50 million
 - To accommodate the issuance of all 3 portions of the financing, tax exempt bonds and taxable bonds based on a letter of request from the Borrower

FINANCING LOGISTICS

- Taft will act as the Bond Counsel on the bonds being issued
- The bonds will be purchased by Piper Sandler, acting as an Underwriter, pursuant to a bond purchase agreement between the Underwriter (Piper Sandler), City and Borrower (Roers Fridley Apartments Owner II LLC)
- The Underwriter will sell the bonds to the ultimate holders of the bonds through a limited offering memorandum
- To accomplish this, the City will enter into a loan agreement with the Borrower under which the borrower will agree to pay all principal and interest on the bonds
- The City is merely a conduit and the money and obligations flow only between the Trustee (US Bank) and the Borrower

CITY CONSIDERATIONS

- Bonds do not constitute a debt of the City and City will have no duty to make any payments nor pledge any security to the repayment of the bonds
 - Both remain the responsibility of the Borrower
- The Borrower is responsible for any costs associated with the issuance process, i.e., underwriting, legal, etc.
- The issuance of the bonds will not affect the City's credit rating and are not subject to any applicable debt limits
- Per the City's Conduit Debt Policy, the Borrower will be responsible for paying the City a one-time issuer administrative fee of 1%, which would be calculated based on the principal amount of the bonds actually issued
 - Not to exceed amount of \$50 million = \$500,000 one-time payment to the City

STAFF RECOMMENDATION

- Staff recommend Council open the Public Hearing, take comment, close the Public Hearing and the approval of Resolution No. 2023-63, Approving the Issuance and Sale of Multifamily Housing Revenue Bonds (Moon Plaza Apartments Project), Series 2023, and Approving a Housing Program Pursuant to Minnesota Statutes, Chapter 462C

QUESTIONS

- Representatives from Taft (Bond Counsel) and Roers (Borrower) are in attendance