



# Increasing Not-to-Exceed Amount of Conduit Financing and Amendment of Public Hearing Notice

---

City Council Meeting

May 22, 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

# WHAT'S CHANGED

---

- Roers intends to finance the costs of the project with a combination of tax-exempt bonds and taxable financing
- Preliminary approval anticipated the City issuing only the tax-exempt bonds
- Roers now requests the City assist in the taxable pieces by acting as the conduit issuer
- Does not change the bonding authority but is necessary to have the upcoming public hearing (June 12<sup>th</sup>) and housing program related to the project account for both the anticipated tax-exempt bonds and taxable bonds
- The attached resolution approves an increase to the not-to-exceed amount of bonds that may be issued by the City from \$27 million to \$50 million and provides updates to the public hearing notice

# 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 Roers
- Roers is responsible for any costs associated with the issuance process, i.e., underwriting, legal, etc.
- Per the City's Conduit Debt Policy, increasing the amount of the not-to-exceed amount will increase the administrative fee due to the City by \$230,000 (1% of the principal amount of conduit bonds that are issued) to \$500,000

# STAFF RECOMMENDATION

---

- Staff recommend the approval of Resolution No. 2023-54, approving an increase in the not-to-exceed amount of multifamily housing facility revenue bonds that may be issued to finance a multifamily housing project pursuant to Minnesota law and the amendment of a public hearing notice (Roers Fridley Apartments Project)