

RESOLUTION 15-98

**RESOLUTION RELATING TO A SENIOR HOUSING FACILITY AND THE
ISSUANCE OF SENIOR HOUSING REVENUE BONDS, SERIES 2015
FOR THE BENEFIT OF COON CREEK SENIOR COMMUNITY,
LIMITED PARTNERSHIP UNDER MINNESOTA STATUTES,
CHAPTER 462C, AS AMENDED; GRANTING PRELIMINARY APPROVAL
THERETO; ESTABLISHING COMPLIANCE WITH CERTAIN
REIMBURSEMENT REGULATIONS UNDER THE INTERNAL REVENUE
CODE OF 1986, AS AMENDED; AND TAKING CERTAIN OTHER ACTIONS
WITH RESPECT THERETO
(COTTAGES OF COON CREEK APARTMENTS PROJECT)**

WHEREAS, the City of Coon Rapids is a home rule charter city 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 “Act”), the City is authorized to carry out the public purposes described in the Act by providing for the issuance of revenue bonds to provide funds to finance or refinance multifamily housing developments located within the City; and

WHEREAS, as a condition to the issuance of such revenue bonds, the City must adopt a housing program providing the information required by Section 462C.03, subdivision 1a, of the Act (the “Housing Program”). A public hearing must be held in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and the requirements of the Act; and

WHEREAS, Coon Creek Senior Community, Limited Partnership, a Minnesota limited partnership (or an affiliated entity to be created, the “Borrower”), has proposed that the City, pursuant to the Act, issue its revenue bonds in an aggregate principal amount not to exceed \$5,000,000, in one or more series at one time or from time to time (the “Bonds”), the proceeds of which will be loaned by the City to the Borrower to be applied by the Borrower to the acquisition, rehabilitation, and equipping of an approximately 47 unit senior housing facility and related amenities located at 2600 through 2689, inclusive, 110th Lane NW in the City (the “Project”). The Borrower will apply the proceeds of the loan to the: (i) the acquisition, rehabilitation and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds; and (iii) the payment of the costs of issuing the Bonds; 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 City Council. Under Section 462C.04, subdivision 2, of the Act, a public hearing must be held on the housing program after one publication of notice in a newspaper circulating generally in the City, at least fifteen (15) days before the hearing.

WHEREAS, under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”) and preliminary approval of the issuance of the Bonds by the City Council is sufficient to authorize

the submission of an application to the State of Minnesota for an allocation of bonding authority with respect to the Bonds to finance the Project; and

WHEREAS, based on representations made by the Borrower to the City to date, the City Council of the City hereby makes the following preliminary findings, determinations, and declarations:

(a) The Project consists of a housing development designed and intended to be used for rental occupancy.

(b) The proceeds of the Bonds will be loaned to the Borrower and the proceeds of the loan will be applied to: (i) the acquisition, rehabilitation, and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds; and (iii) the payment of the costs of issuing the Bonds pursuant to a loan agreement (or other revenue agreement) between the City and the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(c) In preliminarily authorizing the issuance of the Bonds and the financing of the acquisition, construction, and equipping of the Project and related costs, the City's purpose is to further the policies of the Act.

(d) The Bonds will be special, limited obligations of the City payable solely from the revenues pledged to the payment thereof under the loan agreement (or other revenue agreement) referred to above, and will not be a general or moral obligation of the City and will not be secured by or payable from revenues derived from any exercise of the taxing powers of the City; and

WHEREAS, the City conducted a public hearing this same date, on the Housing Program, the Project, and the issuance of revenue obligations by the City, notice of which hearing (the "Public Notice") was published as required by Minnesota Statutes, Section 462C.04, subdivision 2, of the Act, and Section 147(f) of the Internal Revenue Code of 1986, as amended. The Public Notice provided a general, functional description of the Project, as well as the maximum aggregate face amount of the obligations to be issued for the purposes referenced above, the identity of the initial owner, operator, or manager of the Project, and the location of the Project. The Public Notice was published in a newspaper circulating generally in the City on a date at least 15 days before the meeting of the City Council at which the public hearing will take place. At the public hearing a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing, on the Project and the proposed issuance of revenue obligations; and

WHEREAS, the Housing Program in connection with the issuance by the City of up to \$5,000,000 in revenue bonds to finance the acquisition, rehabilitation, and equipping of the Project by the Borrower was submitted the Housing Program to the Metropolitan Council for its review on or before the date of publication of the Public Notice; and

WHEREAS, the United States Department of the Treasury has promulgated regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City or the Borrower for project expenditures paid prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than sixty (60) days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds occur within eighteen (18) months after the later of: (i) the date the expenditure is paid; or (ii) the

date the project is placed in service or abandoned, but in no event more than three (3) years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds; and

WHEREAS, to the extent any portion of the proceeds of the Bonds will be applied to expenditures with respect to the Project, the City reasonably expects to reimburse the Borrower for the expenditures made for costs of the Project from the proceeds of the Bonds after the date of payment of all or a portion of such expenditures. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act; and

WHEREAS, based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimus” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to the Project to be reimbursed with the proceeds of the Bonds have been made by the Borrower more than sixty (60) days before the date of adoption of this resolution of the City; and

WHEREAS, based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Bonds, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof; and

WHEREAS, the Borrower will pay the administrative fees of the City and pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Coon Rapids, Minnesota, hereby provides preliminary approval to the issuance of the Bonds in the approximate aggregate principal amount of \$5,000,000 to finance all or a portion of the costs of the Project pursuant to the Housing Program of the City, subject to: (i) review of the Housing Program by the Metropolitan Council; (ii) receipt of an allocation of the bonding authority from the State of Minnesota; (iii) final approval following the preparation of bond documents; and (iv) final determination by the City Council that the financing of the Project and the issuance of the Bonds are in the best interests of the City.

BE IT FURTHER RESOLVED that the City Council hereby authorizes the submission of an application for allocation of bonding authority pursuant to Section 146 of the Code and the Allocation Act in accordance with the requirements of the Allocation Act. The Mayor of the City or the City Manager, and Kennedy & Graven, Chartered, acting as bond counsel with respect to the Project and the Bonds, are hereby authorized and directed to take all actions, in cooperation with the Borrower, as are necessary to submit an application for an allocation of bonding authority to Minnesota Management & Budget.

BE IT FURTHER RESOLVED that the adoption of this resolution does not constitute a guarantee or a firm commitment that the City will issue the Bonds as requested by the Borrower. If, as a result

of information made available to or obtained by the City during its review of the Project, it appears that the Project or the issuance of Bonds to finance or refinance the costs thereof is not in the public interest or is inconsistent with the purposes of the Act, the City reserves the right to decline to give final approval to the issuance of the Bonds. The City also retains the right, in its sole discretion, to withdraw from participation and accordingly not issue the Bonds should the City Council, at any time prior to the issuance thereof, determine that it is in the best interests of the City not to issue the Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents for the transaction.

Adopted by the Coon Rapids City Council this 21st day of July 2015.

Jerry Koch, Mayor

ATTEST:

Joan Lenzmeier, City Clerk