

**RESOLUTION**

**Board of Hennepin County Commissioners**

**RESOLUTION: 25-0191**

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At a meeting of the Board of Hennepin County Commissioners, a motion was made by Commissioner Fernando, and seconded by Commissioner Greene, that the Resolution be adopted. The motion passed.

APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (SPRINGS LP), SERIES 2025A AND MULTIFAMILY HOUSING REVENUE BONDS (SPRINGS LP), SERIES 2025B BY THE HENNEPIN COUNTY HOUSING AND REDEVELOPMENT AUTHORITY UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED, TO FINANCE A MULTIFAMILY HOUSING DEVELOPMENT TO BE LOCATED WITHIN HENNEPIN COUNTY

WHEREAS, under the provisions of Minnesota Statutes, Chapter 462C, as amended (the "Act"), cities are authorized to finance multifamily housing developments through the issuance and sale of revenue obligations payable exclusively from the revenues of the multifamily housing development; and

WHEREAS, among the purposes authorized by the Act, proceeds derived from the sale of revenue obligations issued under the terms of the Act may be applied to make a loan to finance the acquisition and preparation of a site and the construction of a new, or the acquisition and rehabilitation of an existing, multifamily housing development, and in the making of loans to finance multifamily housing developments and the issuance of revenue obligations, the city may exercise 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, for purposes of the Act, the term "city" is defined to include a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to Minnesota Statutes, Section 469.004; and

WHEREAS, the Hennepin County Housing and Redevelopment Authority (the "Issuer" or "HRA") 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, created in Hennepin County (the "County") pursuant to Minnesota Statutes, Section 383B.77 to exercise all the powers and duties of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 to 469.047; and

WHEREAS, at the request of Springs LP, a Minnesota limited partnership (together with its affiliates or assigns, the "Borrower"), the Issuer proposes to issue one or more series of multifamily housing revenue bonds or other obligations (collectively, the "Bonds"), in an aggregate principal amount not to exceed \$41,200,000, and use the proceeds derived from the sale of the Obligations to make one or more loans (collectively, the "Loans") to the Borrower; and

WHEREAS, the Borrower will apply the proceeds of the Loans to finance a portion of the cost of

acquiring, constructing and equipping an approximately 236-unit affordable rental housing facility and facilities subordinate thereto, to be located at 809, 829 and 828 Spring Street NE in the City of Minneapolis, Minnesota, and known as The Springs; and

WHEREAS, a notice of public hearing was published in Finance and Commerce, the official newspaper of the County, on February 28, 2025, and in the Star Tribune, a newspaper of general circulation in the County, on February 28, 2025; and

WHEREAS, the notice stated the time and place of the public hearing, that it would be held in person and via telephone and other electronic means and accessible to the residents of the County by calling a toll-free telephone number, a general description of the Project, the address of the site of the Project, the initial operator of the Project, and the maximum aggregate principal amount of tax-exempt obligations to be issued to finance the Project; and

WHEREAS, in accordance with the Act, a Program for a Multifamily Housing Development (the "Housing Program") was prepared on behalf of the Issuer with respect to the Project and submitted to Metropolitan Council on or before the day on which notice of the public hearing was published in a newspaper circulating generally in the County; and

WHEREAS, a public hearing was held before the Board of Commissioners of the Issuer (the "HRA Board") with respect to the Housing Program and the issuance of the Obligations on March 18, 2025, and a reasonable opportunity was provided at the public hearing for interested individuals to express their views orally or in writing; and

WHEREAS, such public hearing was conducted in person and via telephone and other electronic means as allowed under Minnesota Statutes, Section 13D.021, as amended, and Revenue Procedure 2022-20, issued by the Internal Revenue Service on March 18, 2022; and

WHEREAS, the Borrower has requested that the Issuer issue, sell, and deliver the Obligations, designated as Multifamily Housing Revenue Bonds (Springs LP), Series 2025A and Multifamily Housing Revenue Bonds (Springs LP), Series 2025B, in the original aggregate principal amount not to exceed \$41,200,000; and

WHEREAS, the Obligations are proposed to be issued as "exempt facility bonds" the interest on which is not includable in gross income for federal income tax purposes under Sections 103 and 141(e)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, under Section 146 of the Code, the Issuer must receive an allocation of the bonding authority of the State of Minnesota in order to issue multifamily housing revenue obligations the interest on which is excludable from gross income for federal income tax purposes under Sections 141(e)(1)(A), 142(a)(7), and 142(d) of the Code, and an application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A (the "Allocation Act"); and

WHEREAS, in accordance with the authority granted under a resolution adopted by the HRA Board on November 12, 2024, the Issuer and Dorsey & Whitney LLP ("Bond Counsel"), in cooperation with the Borrower, submitted an application to MMB for an allocation of bonding authority pursuant to Section 146 of the Code and the requirements of the Allocation Act; and

WHEREAS, the Issuer received an allocation of the bonding authority of the State of Minnesota to issue tax-exempt multifamily housing revenue obligations for the Project, in the amount of \$39,200,000 pursuant to Certificate of Allocation Number 488, dated January 14, 2025; and

WHEREAS, under the provisions of Section 147(f) of the Code and applicable Treasury Regulations, the Obligations will not constitute exempt facility bonds unless the Obligations are approved by the governmental unit which issues the Obligations or on behalf of which the Obligations are issued after a public hearing following reasonable public notice; and

WHEREAS, under the terms of Section 147(f) of the Code, private activity bonds (such as the Obligations) will not be qualified bonds the interest on which is excludable from gross income for federal income tax purposes unless the issuance of the bonds has been approved by the applicable elected representative of the governmental unit which issued the bonds or on behalf of which the bonds were issued; and

WHEREAS, the applicable elected representative of a governmental unit means its elected legislative body or its chief elected executive office; if a governmental unit has no applicable elected representative then the applicable elected representative of such governmental unit is deemed to be the applicable elected representative of the next higher governmental unit from which the governmental unit derives its authority by: (i) the enactment of a specific law by or under which the governmental unit is created; (ii) otherwise empowering or approving the creation of the governmental unit; or (iii) appointing members to the governing body of the governmental unit; and

WHEREAS, the HRA has no applicable elected representative; the County is the next higher governmental unit from which the HRA derives its authority, and the Board of Commissioners of the County (the "County Board") is an applicable elected representative of the County.

BE IT RESOLVED, by the Board of Commissioners of Hennepin County, Minnesota the following:

1. County Board Approval of Issuance of the Obligations. As an applicable elected representative of the County and, therefore, the applicable elected representative of the HRA, the County Board hereby approves the issuance of the Obligations by the HRA in an aggregate principal amount not to exceed \$41,200,000 to finance the Project.
2. Special, Limited Obligation of the Issuer. The Obligations when, as, and if issued, shall be special, limited obligations of the Issuer, payable solely from the revenues received from the loan agreements between the Issuer and the Borrower, and other property pledged to the payment thereof, and shall not constitute a general or moral obligation of the County or the Issuer. The owners of the Obligations shall never have the right to compel any exercise of the taxing power of the County or the Issuer to pay the outstanding principal of the Obligations, or the interest thereon or to enforce payment thereof against any property of the County or the Issuer. The Obligations shall recite that the Obligations are issued pursuant to the Act, and that the Obligations, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Obligations shall not constitute a debt of the Issuer or the County within the meaning of any constitutional or statutory limitation.
3. Housing Program. The Housing Program was submitted to the Metropolitan Council for its review and comment. All comments received from the Metropolitan Council were presented to this County Board on or prior to the date of the public hearing.
4. Documents Furnished to Bond Counsel. The Chair, County Administrator, and other officers of the County are authorized and directed to furnish to Bond Counsel, certified copies of all proceedings and records of the County relating to the HRA, the Project, the Obligations, and the Housing Program, and such other affidavits, certificates, and other documents as may be required by Bond Counsel to show the facts relating to the validity of

the Obligations and related documents, as such facts appear from the books and records in the custody and control of such officers or as otherwise known to them; and all such certified copies, certificates, affidavits, and other documents, including any heretofore furnished, shall constitute representations of the County as to the truth of all statements contained therein.

5. Costs. The County Board has adopted this resolution ("Resolution") in reliance upon the assurances from the Borrower that the Borrower will, upon demand, reimburse the County and the Issuer for costs paid or incurred by the County or the Issuer in connection with this Resolution, the Obligations, the Project, and the Housing Program, including any costs for reasonable attorneys' fees.

6. Effective Date. This Resolution shall be in full force and effect from and after its passage this 20th day of May, 2025.

RESOLUTION ADOPTED ON 5/20/2025

The question was on the adoption of the resolution with the votes as follows:

**Aye:** 7 Commissioner Fernando, Commissioner Greene, Commissioner Conley, Commissioner Lunde, Commissioner Edelson, Commissioner Anderson, and Commissioner Goettel

**Maria Rose**



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Maria Rose