

RESOLUTION

**Hennepin County Housing and Redevelopment Authority
RESOLUTION: 25-HCHRA-0016**

At a meeting of the Hennepin County Housing and Redevelopment Authority, a motion was made by Heather Edelson and seconded by Kevin Anderson, that the Resolution be adopted. The motion passed.

AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (SPRINGS LP), SERIES 2025A AND MULTIFAMILY HOUSING REVENUE BONDS (SPRINGS LP), SERIES 2025B; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH OBLIGATIONS AND RELATED DOCUMENTS; APPROVING A HOUSING PROGRAM PURSUANT TO MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED; PROVIDING FOR THE SECURITY, RIGHTS, AND REMEDIES WITH RESPECT TO THE OBLIGATIONS; AND GRANTING APPROVAL FOR CERTAIN OTHER ACTIONS WITH RESPECT THERETO

WHEREAS, the Hennepin County Housing and Redevelopment Authority (the "Issuer") 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 and is authorized under Minnesota Statutes, Chapter 462C, as amended (the "Housing Act"), to issue revenue obligations to finance multifamily housing developments; and

WHEREAS, pursuant to the Housing Act, the Issuer is authorized to carry out the public purposes described in the Housing Act by issuing revenue bonds or other obligations to finance multifamily housing developments, and as a condition to the issuance of such revenue obligations, adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Housing Act; and

WHEREAS, Springs LP, a Minnesota limited partnership (together with its affiliates or assigns, the "Borrower"), has requested that the Issuer issue its revenue obligations under the Housing Act and lend the proceeds thereof to the Borrower 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, 824 and 828 Spring St. NE in the City of Minneapolis, Minnesota, and known as The Springs (the "Project"); and

WHEREAS, on November 12, 2024, the Board of Commissioners of the Issuer (the "Board") adopted Resolution No. 24-HCHRA-0032 (the "Preliminary Resolution"), under the terms of which the Issuer (i) granted preliminary approval to the issuance of one or more series of multifamily housing revenue bonds or other obligations in an aggregate principal amount not to exceed \$41,200,000, pursuant to the Housing Act to finance the Project; (ii) authorized the submission of an application to the Minnesota Department of Management and Budget ("MMB") for an allocation of bonding authority under Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act"), in a principal amount not to exceed \$41,200,000; and (iii) authorized the preparation of a housing program with respect to the Project in accordance with the requirements of the Housing Act and submission of the housing program to the Metropolitan Council for its review and comment; and

(iv) authorized a public hearing to be conducted by the Board on such date, and at such time and place, as deemed appropriate by the Clerk of the Board, with respect to the Project, the housing program, and the proposed issuance of the Bonds by the Issuer to finance the Project; and

WHEREAS, the Preliminary Resolution constitutes a reimbursement resolution and an official intent of the Issuer to reimburse expenditures with respect to the Project from the proceeds of tax-exempt revenue obligations in accordance with the provisions of Treasury Regulations, Section 1.150-2; and

WHEREAS, in accordance with the Housing Act and the Preliminary Resolution, a housing program (the "Housing Program") with respect to the Project was prepared and submitted to Metropolitan Council for its review and comment in accordance with the requirements of the Housing Act, and all comments received from Metropolitan Council were presented to the Board on or prior to the date of the public hearing described below; and

WHEREAS, on March 18, 2025, in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 462C.04, subdivision 2 of the Housing Act, the Board held a public hearing at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing, with respect to the Project, the Housing Program, and the proposed issuance of the Bonds to provide financing for the Project; and

WHEREAS, such public hearing was conducted in person and via telephonic 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 public hearing was preceded by publication of a notice of public hearing published in Finance and Commerce, the official newspaper of the Issuer, on February 28, 2025 and in the Star Tribune, a newspaper of general circulation in the jurisdiction of the Issuer, on February 28, 2025, dates at least fifteen (15) days prior to the public hearing; and

WHEREAS, under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota; and

WHEREAS, in accordance with the authority granted under the Preliminary Resolution, the Chair of the Issuer and the Executive Director of the Issuer (the "Chair" and the "Executive Director"), and Dorsey & Whitney LLP, acting as bond counsel ("Bond Counsel"), in cooperation with the Borrower, submitted an application for an allocation of bonding authority to MMB pursuant to Section 146 of the Code and the requirements of the Allocation Act; and

WHEREAS, the Issuer received Certificate of Allocation No. 488, dated January 14, 2025, from MMB allocating bonding authority of the State of Minnesota to the Issuer for the Project in the amount of \$39,200,000, pursuant to Minnesota Statutes, Chapter 474A (the "Allocation Act"); and

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

WHEREAS, the Bonds 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 Code; and

WHEREAS, the Bonds will be issued by the Issuer and purchased by Orix Public Finance, LLC or another purchaser selected by the Borrower (the "Purchaser"), pursuant to the Trust Indenture dated as of or after June 1, 2025 (the "Indenture"), between the Issuer and Wilmington Trust, National Association (the "Trustee") and a Bond Placement Agreement dated on or after the date this resolution is approved, among the Purchaser, the Issuer, the Borrower and Lument Securities, LLC (the "Purchase Agreement"); and

WHEREAS, the Issuer will apply the proceeds of the sale of the Bonds to fund a loan (the "Loan") to the Borrower pursuant to a Financing Agreement, dated as of or after June 1, 2025 (the "Financing Agreement"), between the Issuer, the Borrower and the Trustee; and

WHEREAS, the Borrower's repayment obligations with respect to each of the Series 2025A Bonds and Series 2025B Bonds will be evidenced by a promissory note, dated as of or after June 1, 2025 (the "Promissory Notes"), from the Borrower in favor of the Issuer and endorsed by the Issuer to the Trustee; and

WHEREAS, the obligations of the Borrower under the Financing Agreement and Promissory Notes will be secured by a lien on and security interest in the Project pursuant to a Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Financing Statement, dated as of or after June 1, 2025, to be delivered by the Borrower to the Issuer and assigned by the Issuer to the Trustee pursuant to an Assignment of Security Instrument, dated as of or after June 1, 2025 (the "Bond Mortgage Assignment"); and

WHEREAS, to ensure compliance with certain rental and occupancy restrictions imposed by the Housing Act and Section 142(d) of the Code, the Project will be subject to a Regulatory Agreement (the "Regulatory Agreement"), dated as of or after June 1, 2025, among the Issuer, the Trustee and the Borrower; and

WHEREAS, the obligations of the Borrower under the Financing Agreement shall be further secured by such mortgages, assignments of mortgages, security agreements, assignments of rents, guarantees, and other security instruments and documents as are required by the Purchaser, including but not limited to, one or more guaranties (collectively, the "Security Documents"); and

WHEREAS, the Bonds will be issued pursuant to this resolution, and the Bonds and the interest on the Bonds: (i) shall be payable solely from the revenues pledged therefor under the Financing Agreement or other security documents described therein; (ii) shall not constitute a debt of the Issuer or Hennepin County (the "County") within the meaning of any constitutional or statutory limitation; (iii) shall not constitute or give rise to a pecuniary liability of the Issuer or the County or a charge against their general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer or the County other than the Issuer's interest in the Financing Agreement and the Indenture; and (v) shall not constitute a general or moral obligation of the Issuer or the County.

BE IT RESOLVED, that the Board of Commissioners of the Hennepin County Housing and Redevelopment Authority approves the following:

1. The Issuer acknowledges, finds, determines, and declares that the issuance of the Bonds is authorized by the Housing Act and is consistent with the purposes of the Housing Act and that the issuance of the Bonds, and the other actions of the Issuer under the Purchase Agreement, the

Indenture, the Financing Agreement, the Regulatory Agreement, and this resolution constitute a public purpose and are in the interests of the Issuer. The Project constitutes a “qualified residential rental project” within the meaning of Section 142(d) of the Code, and a “multifamily housing development” authorized by the Housing Act, and furthers the purposes of the Housing Act. In authorizing the issuance of the Bonds for the financing of the Project and the related costs, the Issuer’s purpose is and the effect thereof will be to promote the public welfare of the Issuer and its residents by providing affordable multifamily housing developments for low or moderate-income residents of the County and otherwise furthering the purposes and policies of the Housing Act.

2. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Bonds in the maximum aggregate principal amount not to exceed \$41,200,000. The Bonds shall bear interest at the rate, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Indenture and Financing Agreement, each in substantially the form now on file with the Issuer, with necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturity of the Bonds, the interest rate on the Bonds and the terms of redemption of the Bonds) as are approved as evidenced by the execution thereof as provided in Section 11 of this resolution. The Issuer hereby authorizes the Bonds to be issued as “tax-exempt bonds,” the interest on which is excludable from gross income for federal income tax purposes and net taxable income of individuals, trusts, and estates for State of Minnesota income tax purposes. The Bonds shall be special, limited obligations of the Issuer payable solely from the revenues provided by the Borrower pursuant to the Financing Agreement and other funds pledged pursuant to the Indenture; the Issuer does not pledge its general credit or taxing powers or any funds of the Issuer to the payment of the Bonds.

All of the provisions of the Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

3. The Bonds shall be sold to the Purchaser under the terms and conditions of the Purchase Agreement, Financing Agreement, and Indenture. All of the provisions of the Purchase Agreement, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

4. The proceeds derived from the sale of the Bonds shall be loaned to the Borrower in accordance with the terms and conditions of the Financing Agreement. All of the provisions of the Financing Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

5. The Borrower shall apply the proceeds of the Loan made pursuant to the Financing Agreement to the payment of a portion of the capital costs of the Project and related costs. The loan repayments to be made by the Borrower under the Financing Agreement are to be fixed so as to produce revenues sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. Pursuant to the Indenture, the Issuer will assign its rights to the basic payments and certain other rights and interests under the Financing Agreement, the Loan, and certain moneys and securities held by the Trustee in the funds and accounts established under the Indenture to the Trustee.

6. The Indenture shall provide the terms and conditions, covenants, rights, obligations, duties, and

agreements of the owners of the Bonds and the Issuer as set forth therein. All of the provisions of the Indenture, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

7. All of the provisions of the Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bonds shall be substantially in the form of the Series 2025A Bonds and Series 2025B Bonds on file with the Issuer, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturity of the Bonds, the interest rate on the Bonds and the terms of redemption of the Bonds) as the Issuer Officials, as defined hereinafter, in their discretion, shall determine. The execution of the Bonds with the manual or facsimile signatures of the Issuer Officials and the delivery of the Bonds by the Issuer shall be conclusive evidence of such determination.

8. The Bonds shall be special and limited revenue obligations of the Issuer, the proceeds of which shall be disbursed pursuant to the terms of the Indenture and the Financing Agreement, and the principal, premium, and interest on the Bonds shall be payable solely from the revenues provided by the Borrower pursuant to the Financing Agreement, and the other sources as set forth therein or in the Indenture.

9. The Chair and the Executive Director, and to the extent permitted by Resolution 20-HCHRA-0034 of the Issuer, the Deputy Executive Director of the Issuer (the "Deputy Executive Director," and together with the Chair and Executive Director, the "Issuer Officials") are hereby authorized and directed to execute and deliver the Purchase Agreement, the Indenture, the Financing Agreement, the Bonds, the Regulatory Agreement, the Mortgage Assignment, and any consents, subordinations, and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds, including without limitation, various certificates of the Issuer, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, an endorsement to the tax certificate of the Borrower, disbursing agreements with respect to proceeds of the Bonds, and similar documents (collectively, the "Financing Documents"). All of the provisions of the Financing Documents, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. Certain of the Financing Documents, including the Purchase Agreement, the Indenture, the Financing Agreement, the Bonds, the Regulatory Agreement and the Mortgage Assignment shall be substantially in the forms now on file with the Issuer which are hereby approved, with such necessary and appropriate variations, omissions, and insertions as are approved by Bond Counsel, as do not materially adversely change the substance thereof with respect to the Issuer, and as the Issuer Officials, in their discretion, shall determine, and the execution thereof by the Issuer Officials shall be conclusive evidence of such determinations.

10. The Issuer hereby authorizes the Borrower to provide such security for payment of its obligations under the Indenture and the Financing Agreement and for payment of the Bonds, including one or more guaranties, assignments, pledges, indemnification agreements, or any other security agreed upon by the Borrower, the Trustee and Purchaser, as applicable, and the Issuer hereby approves the execution and delivery of such security.

11. The Issuer hereby authorizes Bond Counsel, to prepare, execute, and deliver its approving legal opinions with respect to the Bonds.

12. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Issuer or the Board by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the Issuer or by such members of the Board, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents, the Bonds, or in any other document relating to the Bonds, and no obligation therein or herein imposed upon the Issuer or the County shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board, or any officer, agent, or employee of the Issuer in that person's individual capacity, and neither the Board nor any officer, agent, or employee executing the Bonds or any such documents shall be personally liable on the Bonds or such documents or be subject to any personal liability or accountability by reason of the issuance thereof or the execution and delivery of such documents.

No provision, covenant or agreement contained in the aforementioned documents, the Bonds, or in any other document relating to the Bonds, and no obligation therein or herein imposed upon the Issuer or the County or the breach thereof, shall constitute or give rise to a general or moral obligation of the Issuer or the County or any pecuniary liability of the Issuer or the County or any charge upon their general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the Issuer has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Indenture and the Financing Agreement which are to be applied to the payment of the Bonds, as provided therein.

13. Except as otherwise expressly provided herein, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the Issuer and any holder of the Bonds issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the Issuer and any holder from time to time of the Bonds issued under the provisions of this resolution.

14. In case any one or more of the provisions of this resolution (other than the provisions limiting the liability of the Issuer, the Issuer Officials, or any officer, employee, or agent of the Issuer contained herein) or of the aforementioned documents, or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Bonds, but this resolution, the aforementioned documents, and the Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

15. The Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Housing Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Bonds, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

16. The Housing Program is hereby adopted, ratified, and approved in the form now on file with the Issuer.

17. The officers of the Issuer, Issuer's counsel, Bond Counsel, other attorneys, and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Bonds, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the aforementioned documents, and this resolution. If for any reason the Chair, the Executive Director, or the Deputy Executive Director is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any member of the Board or any officer of the Issuer delegated the duties of the Chair, the Executive Director, or the Deputy Executive Director with the same force and effect as if such documents were executed and delivered by the Chair, the Executive Director, or the Deputy Executive Director.

18. The Borrower shall pay the administrative fee of the Issuer when due in accordance with the terms of the Financing Agreement. The Borrower will also pay, or, upon demand, reimburse the Issuer for payment of, any and all costs incurred by the Issuer in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued, including any costs for reasonable attorneys' fees.

19. It is understood and agreed by the Borrower that the Borrower shall indemnify the Issuer and the County against all liabilities, losses, damages, costs, and expenses (including attorney's fees and expenses incurred by the Issuer) arising with respect to the Project and the Bonds, as provided for and agreed to by and between the Borrower and the Issuer in the Financing Agreement.

20. The Board hereby affirms its findings in the Preliminary Resolution.

21. This resolution shall be in full force and effect from and after its approval, conditioned upon final approval by the Board of Commissioners of the County.

RESOLUTION ADOPTED ON 5/13/2025

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

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

Maria Rose



Maria Rose