

CITY OF HIGH POINT

AGENDA ITEM



Title: Resolution – Multifamily Housing Revenue Bonds (Park Terrace Apartments)

From: Angela McGill, CEO, Housing Authority of HP

Meeting Date: November 2, 2015

Public Hearing: N/A

**Advertising Date /
Advertised By:**

Attachments: Resolution

PURPOSE:

Approval by the City of proposed issuance by the Housing Authority of the City of High Point of up to \$5,000,000 in Multifamily Housing Revenue Bonds (Park Terrace Apartments), Series 2015 as required by Internal Revenue Code.

BACKGROUND:

City Council has been asked to approve the proposed issuance by the Housing Authority of the City of High Point (the "Authority") of not to exceed \$5,000,000 Multifamily Housing Revenue Bonds (Park Terrace Apartments), Series 2015 (the "Bonds"). Federal tax law requires that tax-exempt bonds issued to finance affordable housing be approved by the elected legislative body of the governmental unit that (a) controls the issuer of the bonds, and (b) has jurisdiction over the area in which the facility is to be located after holding a public hearing (Internal Revenue Code Section 147(f)). The City Council appoints the commissioners of the Authority under NCGS § 157-34, and the proposed facility is within the jurisdiction of the City. The Authority, at the request of Clara Cox III, LLC (the "Company"), proposes to issue the Bonds to finance the acquisition, construction and equipping of a multifamily residential rental facility to be known as Park Terrace Apartments, located on the former Clara Cox site in High Point, Guilford County, North Carolina (the "Development"). The Authority and the Company have requested the City to approve the issuance of the Bonds for purposes of Section 147(f) of the Code.

On October 27, 2015, the Authority held a public hearing regarding the issuance of the Bonds. A report from the public hearing is attached hereto. The Authority has adopted a resolution giving preliminary approval for the issuance of the Bonds to finance the Development. The Tax Reform Allocation Committee and the North Carolina Housing Finance Agency have allocated volume cap from the State's 2015 allocation to the financing of this Development. The Bonds are expected to be issued before the end of 2015, and to be sold in a private placement to a single financial institution or other institutional investor. The Company will agree to repay the principal, premium, if any, and interest on the Bonds. Neither the Authority nor the City will have any liability whatsoever for the payment of principal or interest on the Bonds, and the Bonds will not affect the City's debt ratios or legal debt limit. Because no taxes or other revenues of the City are pledged to pay these Bonds, the staff of the City has made no financial analysis of the Bonds, the Company or the Development.

The notice of public hearing was published in *The High Point Enterprise* as required by law.

BUDGET IMPACT:

N/A

RECOMMENDATION / ACTION REQUESTED:

That the City Council adopt a resolution approving, for purposes of meeting the requirements of the Internal Revenue Code of 1986, as amended, the issuance by the Housing Authority of the City of High Point of its not to exceed \$5,000,000 Multifamily Housing Revenue Bonds (Park Terrace Apartments), Series 2015.

RESOLUTION PROVIDING APPROVAL OF A MULTIFAMILY HOUSING
FACILITY KNOWN AS PARK TERRACE APARTMENTS (PHASE III) IN
THE CITY OF HIGH POINT, NORTH CAROLINA AND THE FINANCING
THEREOF WITH MULTIFAMILY HOUSING REVENUE BONDS IN AN
AGGREGATE AMOUNT NOT TO EXCEED \$5,000,000

WHEREAS, the City Council of the City of High Point (the “City”) met in High Point, North Carolina at 5:30 p.m. on the ____ day of November, 2015; and

WHEREAS, the Housing Authority of the City of High Point (the “Issuer”) has tentatively agreed to issue its multifamily housing revenue bonds in an amount not to exceed \$5,000,000 (the “Bonds”), for the purpose of financing the acquisition, construction and equipping by Clara Cox III, LLC, a North Carolina limited liability company (the “Borrower”), or an affiliate or subsidiary thereof, of a multifamily residential rental facility to be known as Park Terrace Apartments (Phase III) (the “Development”); and

WHEREAS, the Development will consist of approximately 78 units, located on an approximately 5.84 acre site (known as the former Clara Cox site) at 885 Sharon Circle in the City of High Point, Guilford County, North Carolina; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that any bonds issued by the Issuer for the Development may only be issued after approval of the plan of financing by the City following a public hearing with respect to such plan; and

WHEREAS, on October 27, 2015, the Issuer held a public hearing with respect to the issuance of the Bonds to finance, in part, the Development (as evidenced by the Certificate and Summary of Public Hearing attached hereto) and has requested the City to approve the issuance of the Bonds as required by the Code; and

WHEREAS, the City has determined that approval of the issuance of the Bonds is solely to satisfy the requirement of Section 147(f) of the Code and shall in no event constitute an endorsement of the Bonds or the Development or the creditworthiness of the Borrower, nor shall such approval in any event be construed to obligate the City of High Point, North Carolina for the payment of the principal of or premium or interest on the Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the Issuer, or to constitute the Bonds or any of the agreements or obligations of the Issuer an indebtedness of the City of High Point, North Carolina, within the meaning of any constitutional or statutory provision whatsoever;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIGH POINT:

1. The proposed mixed income housing development consisting of the acquisition, construction and equipping of the Development described above in the City of High Point, Guilford County, North Carolina by the Borrower and the issuance of the Authority’s multifamily housing revenue bonds therefor in an amount not to exceed \$5,000,000 are hereby approved for purposes of Section 147(f) of the Code. The Mayor is hereby authorized to execute

such approval certificates as may be required to evidence the City's approval of the issuance of the Bonds for purposes of Section 147(f) of the Code.

2. This resolution shall take effect immediately upon its passage.

Council member _____ moved the passage of the foregoing resolution and Council member _____ seconded the motion, and the resolution was passed by the following vote:

Ayes: Council members _____

Nays: _____

Not voting: _____

* * * * *

CERTIFICATION

I, Lisa Vierling, City Clerk of the City of High Point, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council for the City of High Point, North Carolina, in regular session convened on November __, 2015, the reference having been in Minute Book ____, and recorded in full in Resolution Book_____, Pages_____.

WITNESS my hand and the corporate seal of the City of High Point, North Carolina, this the ____ day of November, 2015.

City Clerk

(SEAL)