



REQUEST FOR COUNCIL ACTION

MEETING DATE: March 20, 2023
PREPARED BY: Greg Sticha, Finance Director GS
AGENDA ITEM: Modification of Eagle Lake Apartments conduit debt

PREVIOUS ACTIONS:

August 1, 2013 – Original issuance of conduit debt for Eagle Lake Apartments
September 4, 2018 – Approved first supplemental indenture
November 18, 2019 – Approved second supplemental indenture

RECOMMENDED COUNCIL ACTION:

City council adopts the attached resolution approving modification of the conduit debt for Eagle Lake Apartments.

COMMENTS:

Acting as an issuer of conduit bonds, the City issued its Multifamily Housing Revenue Refunding Bonds, Series 2013 (Eagle Ridge Apartments Project) (the "Bonds") to Wells Fargo Bank, National Association (the "Sole Bondholder"), on August 1, 2013. The Bonds were issued in accordance with an Indenture of Trust dated as of August 1, 2013 (the "Original Indenture"), between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The proceeds of the Bonds were loaned by the City to the Borrower for the purpose of refinancing the acquisition, construction, and equipping of a 245-unit multifamily housing development located at 7020 Magda Drive in the City of Maple Grove, Minnesota. The Borrower agreed to repay and secure the Bonds to the Sole Bondholder. The City did not pledge any payment or security in connection with the Bonds.

The additional supplemental indentures approved allowed for a change in how the interest rate on the variable rates bonds were to be calculated. This third supplemental indenture approves another modification on how that interest rate is calculated because of the unavailability of the LIBOR index.

The City is being asked to approve the execution of the Third Supplemental Indenture evidencing the new rates for the Bonds. Enclosed with this memorandum is a draft resolution for your consideration that approves the form of the Third Supplemental Indenture and authorizes its execution.

The Third Supplemental Indenture does not affect the City's obligations under the Bonds or create any new liabilities for the City. The City will not be responsible for paying any bank or legal fees in connection with the execution of the Third Supplemental Indenture or for making any payments or

pledging any security to the repayment of the Bonds. The Sole Bondholder is coordinating the drafting and execution of the documents, and Bond Counsel will be issuing an opinion that the revisions do not adversely affect the tax-exempt status of the Bonds.

ATTACHMENTS:

Attachment A: Memorandum from Taft Law

Attachment B: Resolution approving LIBOR modifications

Attachment C: Third Supplemental Indenture of Trust

Attachment D: Signature Pages