NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, July 22, 2021.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.
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Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Vision

All Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice.

AGENDA

Minnesota Housing Board Meeting
Thursday July 22, 2021
1:00 p.m.

1. Call to Order
2. Roll Call
3. Agenda Review
4. Approval of Minutes
   A. (page 5) Regular Meeting of June 24, 2021

5. Reports
   A. Chair
   B. Commissioner
   C. Committee

6. Consent Agenda
   A. (page 9) Approval, Grant Contract Amendments, Bridges Rental Assistance Program
   B. (page 17) Approval, HousingLink Grant

7. Action Items
   A. (page 23) Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) - Cherry Ridge, D0722, Mankato
   B. (page 35) Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) and Asset Management Loan - St. Lucas Riverside, D3296, Faribault
   C. (page 47) Approval and Selection, Publicly Owned Housing Program (POHP) 2020 RFP
D. (page 59) Selection and Commitment, Family Homeless Prevention and Assistance Program Funds
E. (page 71) Approval, Selection and Commitment, Housing Trust Fund Program Funds
F. (page 83) Adoption, Resolution Authorizing the Issuance and Sale of State Appropriation Bonds (Housing Infrastructure)

8. **Discussion Items**
   None.

9. **Information Items**
   None.

10. **Other Business**
    None.

11. **Adjournment**
DRAFT Minutes
Minnesota Housing Board Meeting
Thursday, June 24, 2021
1:00 p.m.
Via Conference Call

1. **Call to Order.**
   Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:03 p.m.

2. **Roll Call.**
   **Members Present via conference call:** Chief Executive Melanie Benjamin, Auditor Julie Blaha, Chair John DeCramer, Stephanie Klinzing, and Stephen Spears.
   **Others present via conference call:** Ramona Advani, Minnesota Office of the State Auditor; Angela Campbell, Ely HRA; Joe Hiller, Ely HRA; Melanie Lien, Piper Sandler & Co.; Anne Mavity, Minnesota Housing Partnership.

3. **Agenda Review**
   Action Items 7B and 7C were pulled from the agenda.

4. **Approval**
   **A. Regular Meeting Minutes of May 27, 2021**
   Motion: Stephanie Klinzing moved to approve the May 27, 2021, Regular Meeting Minutes. Seconded by Auditor Blaha. Roll call was taken. Motion carries 4-0. Chief Executive Benjamin abstained as she was not present for the May 27, 2021, meeting. All were in favor.

5. **Reports**
   **A. Chair**
   None.

   **B. Commissioner**
   Commissioner Ho shared the following with the Board:
Welcome Brenda Compan Morales and Vachel Hudson, COVID-19 Emergency Rental Assistance Community Partnership Officers

Interviews with Wall Street Journal and MinnPost

Participated in the National Council of State Housing Agencies board meeting and looking forward to the Executive Director’s Forum in July.

State Legislative Update

RentHelpMN Update

Homeowner Assistance Fund Update

C. Committee

None.

6. Consent Agenda

A. Approval, Amendments to the Bridges and Bridges Regional Treatment Center Rental

B. Modification to Community Homeownership Impact Fund (Impact Fund) Award

Motion: Auditor Blaha moved to approve the Consent Agenda Items. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 5-0. All were in favor.

7. Action Items

A. 2021 Annual Action Plan for HUD

Jessica Deegan presented to the board a request for approval of the State of Minnesota’s Annual Action Plan for Federal Fiscal Year 2021. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Stephanie Klinzing moved Approval, 2021 Annual Action Plan for HUD. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

B. Commitment, Low and Moderate Income Rental Loan (LMIR), Low and Moderate Income Rental Bridge Loans (LMIRBL) and Modification, Housing Infrastructure Bond (HIB) Loan - Snelling Yards Senior Housing, D8102, Minneapolis, MN

Ted Tulashie presented to the board a request for approval adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $7,700,000, a LMIRBL program commitment not to exceed $7,840,000, and a LMIRBL (non-bond) program commitment not to exceed $3,000,000. Staff also recommends the adoption of a resolution increasing the loan under the HIB program from $3,975,000 to a maximum of $5,615,000. Chair DeCramer opened up the discussion. There were no questions board members.

Motion: Auditor Blaha moved Commitment, Low and Moderate Income Rental Loan, Low and Moderate Income Rental Bridge Loans and Modification, Housing Infrastructure Bond Loan - Snelling Yards Senior Housing, D8102, Minneapolis, MN. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 5-0. All were in favor.
C. Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2021 Series C (Snelling Yards).
Kevin Carpenter presented to the board a request for authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. The bonds will be issued in an amount not to exceed $7,840,000 and will be used for the acquisition and construction of a 100-unit senior housing development located in Minneapolis, Minnesota. The Agency currently expects to price and issue these Rental Housing bonds in mid-summer; the Preliminary Official Statement describes the entire transaction. Chair DeCramer opened up the discussion. There were no questions from board members.
**Motion:** Stephanie Klinzing moved Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2021 Series C (Snelling Yards). Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

D. Concept Approval - Manufactured Housing Lending
Tresa Lakin presented to the board a request for approval of the Manufactured Housing Concept that will provide additional lending options for Manufactured Housing Communities. Approvals for individual transactions and specific loan terms will be brought to Board at the time of engagement. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.
**Motion:** Chief Executive Benjamin moved Concept Approval - Manufactured Housing Lending. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 5-0. All were in favor.

E. Request for Approval of Board Policy Regarding Conflicts of Interest
Anne Smetak presented to the board a request for approval of the board policy regarding conflicts of interest. Various funding sources require that all decisionmakers, including board members, be subject to conflict of interest standards. This policy will provide a clear mechanism to identify conflicts of interest and will document compliance with federal and state conflicts standards. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.
**Motion:** Auditor Blaha moved Request for Approval of Board Policy Regarding Conflicts of Interest. Seconded by Stephen Spears. Roll call was taken. Motion carries 5-0. All were in favor.

8. Discussion Items
   A. 2021 Legislature Update
   Dan Kitzberger and Lael Robertson provided an update on the status of the 2021 Legislative Session.
   B. Minnesota Housing Administrative Budget, State Fiscal Year 2022
   Rachel Robinson and Kevin Carpenter reviewed the Minnesota Housing Administrative Budget for FY 2022.
   C. Priorities for 2022-2023 Affordable Housing Plan – Community Survey Results
John Patterson and Kirby Pitman reviewed the community service results from the 2022-2023 Affordable Housing Plan.

9. Information Items
   A. Post-Sale Report, Rental Housing Bonds 2021 Series B (Element)
   B. Post-Sale Report, Minnesota Homeownership Finance Bonds (HFB) 2021 Series B (Taxable)
   C. Post-Sale Report, Residential Housing Finance Bonds, Series 2021 CD

10. Other Business
    None.

11. Adjournment
    The meeting was adjourned at 3:01 p.m.

________________________
John DeCramer, Chair
Item: Approval, Grant Contract Amendments, Bridges Rental Assistance Program

Staff Contact(s):
Ellie Miller, 651.215.6236, ellie.miller@state.mn.us
Joel Salzer, 651.296.9525, joel.salzer@state.mn.us

Request Type:
☒ Approval ☐ No Action Needed
☐ Motion ☐ Discussion
☒ Resolution ☐ Information

Summary of Request:
Staff requests adoption of the following two actions:

- Resolution approving an amendment to the Grant Contract Agreement with the Metropolitan Council Housing and Redevelopment Authority to extend the current grant term by two months from August 31, 2021 to October 31, 2021 and to increase the grant amount by $254,172.

- Resolution approving an amendment to the Grant Contract Agreements with Mental Health Resources, Inc., St. Cloud Housing and Redevelopment Authority, and the Housing and Redevelopment Authority of Bemidji by a combined total of $2,900,090.

Fiscal Impact:
Bridges funds are state appropriated resources, with individual awards structured as grants, which do not earn interest for the Agency.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☒ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Program Overview and Background
- Resolutions
Program Overview
Bridges and Bridges Regional Treatment (Bridges) programs promote the integration of people with mental illnesses into their communities by helping connect participants who have a Bridges rental subsidy to supportive mental health services. The programs play a key role in Minnesota Housing’s contribution to the goals of Minnesota’s Olmstead Plan as well as those identified in Heading Home Together: Minnesota’s Plan to Prevent and End Homelessness. Bridges and Bridges RTC are cooperatively administered, monitored, and evaluated by Minnesota Housing and the Minnesota Department of Human Services (DHS) Behavioral Health Division.

Background
Minnesota Housing issued a competitive Request for Proposals (RFP) on February 16, 2021 for a new Bridges grant period that was scheduled to begin on July 1, 2021 and end on June 30, 2023. Three grantees from the prior two-year funding cycle did not reapply in February 2021—Mora Housing and Redevelopment Authority (HRA), Cass County HRA, and the Metropolitan Council HRA. These three grantees agreed to work with Minnesota Housing staff to help transition households to other Bridges program grantees.

On April 22, 2021, the Minnesota Housing board selected 20 grantees to participate in the Bridges program beginning July 1, 2021. From those 20 grantees, staff identified and reached out to those grantees that could help replace lost program capacity and could provide necessary geographic coverage. Three grantees agreed to add additional participants and funding to their contracts: Mental Health Resources, Inc., St. Cloud HRA, and the HRA of Bemidji.

Recommendation for Additional Contract Extension and Additional Funding
To help facilitate the household transition, Mora HRA, Cass County HRA, and the Metropolitan Council HRA agreed to execute Grant Contract Agreement amendments to extend their contract terms from the previous biennium by two months from June 30, 2021 to August 31, 2021. The amendments also increased grant amounts by expending funds not utilized in the prior 2020-2021 grant period. The additional funds were to support households during the transition period. These three Grant Contract Agreement amendments were approved under Delegated Authority #15 to increase the grant amount and Delegated Authority #20 to extend the grant term. These two delegated authorities authorize the Commissioner to increase grant amounts and extend grant terms within identified parameters after approval by the Mortgage Credit Committee, approval by the Clearinghouse Committee, and consultation with the Assistant Commissioner for Policy.

The Metropolitan Council HRA had been the largest Bridges program grantee serving approximately 185 households. They have requested additional time to complete the household transition. Staff requests board approval for an additional two-month extension of the 2020-2021 Grant Contract Agreement with the Metropolitan Council HRA to extend the contract end date from August 31, 2021 to October 31, 2021. Staff also requests to increase the
grant amount by another $254,172 to cover rental assistance obligations during the additional two-month extension. This second grant amount increase exceeds the delegated authority parameters and requires board approval. Unused funds from the 2020-2021 grant period will be used for the requested second increase.

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Original Grant Contract Amount from 2020-2021 Bridges RFP</th>
<th>First Increase Approved via Delegated Authority</th>
<th>Requested Second Increase</th>
<th>Revised Grant Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Council HRA</td>
<td>$3,075,588</td>
<td>$254,172</td>
<td>$254,172</td>
<td>$3,583,932</td>
</tr>
</tbody>
</table>

Any unused funds will be returned to Minnesota Housing and made available for other eligible Bridges program uses. Mora HRA and Cass County HRA expect to complete their household transitions by August 31, 2021 and do not require additional amendments before exiting the Bridges program.

**Recommendations for Additional Funding**

As noted, three grantees selected by the Minnesota Housing board on April 22, 2021 – Mental Health Resources, Inc., St. Cloud HRA, and the HRA of Bemidji – have agreed to increase the size of their programs to help replace the capacity lost by the three grantees that are exiting the program. Staff is requesting an increase in funding for these three agencies to help provide the rental assistance and administration fees needed to cover the duration of the Grant Contract Agreements ending June 30, 2023. Funding for the new Grant Contract Agreements comes from appropriated Bridges funds not utilized in the prior 2020-2021 grant period and new appropriations from the recently approved 2022-2023 state budget.

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Original Grant Contract Amount</th>
<th>Original Target Households</th>
<th>Requested Funding Increase</th>
<th>New Target Households</th>
<th>Revised Grant Contract Amount</th>
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</thead>
<tbody>
<tr>
<td>BRIDGES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing and Redevelopment Authority of Bemidji</td>
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<td>10</td>
<td>$48,210</td>
<td>16</td>
<td>$167,140</td>
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<td>St. Cloud Housing and Redevelopment Authority</td>
<td>$523,920</td>
<td>37</td>
<td>$284,626</td>
<td>62</td>
<td>$808,546</td>
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<td>Mental Health Resources, Inc.</td>
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<td>65</td>
<td>$2,567,254</td>
<td>250</td>
<td>$3,786,914</td>
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<tr>
<td>Totals</td>
<td>$1,862,510</td>
<td>112</td>
<td>$2,900,090</td>
<td>328</td>
<td>$4,762,600</td>
</tr>
</tbody>
</table>
MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING BRIDGES FUNDS  
GRANT CONTRACT AGREEMENT EXTENSION AND FUNDING AMENDMENT

WHEREAS, the Minnesota Housing Finance Agency (Agency) has proposed to extend its Grant Contract Agreement and provide additional funding for Metropolitan Council Housing and Redevelopment Authority to provide rental assistance to prevent and end homelessness; and

WHEREAS, Agency staff have determined that the Grant Contract Agreement is in compliance with the Agency’s rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to extend and amend with additional funding using state resources outlined in this resolution, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve an amendment to extend the Grant Contract Agreement end date from August 31, 2021 to October 31, 2021 and to increase the grant amount by the following:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Current Contract Amount from 2020-2021 Bridges RFP*</th>
<th>Increase to Grant Contract Amount</th>
<th>Revised Grant Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Council Housing and Redevelopment Authority</td>
<td>$3,329,760</td>
<td>$254,172</td>
<td>$3,583,932</td>
</tr>
</tbody>
</table>

*Includes the $3,075,588 from the original grant contract amount plus the $254,172 from the first grant contract amount increase that was approved via delegated authority to the Commissioner.

2. The issuance of a Grant Contract Agreement Amendment in form and substance acceptable to Agency staff and the execution of the Grant Contract Agreement Amendment shall occur no later than two months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement Amendment, as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of July 2021

_________________________________________
CHAIRMAN
MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING AMENDMENTS
BRIDGES AND BRIDGES REGIONAL TREATMENT CENTER PROGRAM

WHEREAS, at their meeting on April 22, 2021, the Minnesota Housing Finance Agency (Agency) Board approved the execution of 25 Grant Contract Agreements with 20 grantees to provide rental assistance across the state to prevent and end homelessness with Bridges and Bridges Regional Treatment Center (Bridges) funds from July 1, 2021 to June 30, 2023; and,

WHEREAS, three grantees that participated in the Bridges program from June 1, 2019 to June 30, 2021 did not apply to the 2021 Bridges and Bridges Regional Treatment Center Program Request for Proposals resulting in a reduction of program capacity; and,

WHEREAS, three grantees selected by the Minnesota Housing Finance Agency have the ability to increase capacity and provide service coverage to the regions no longer served by the grantees exiting the program; and,

WHEREAS, Agency staff have determined that the amendments are in compliance with the Agency’s rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to amend, with additional funding using state resources outlined in this resolution, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve the following grantees for up to the total recommended amount for the grant period ending June 30, 2023; and,

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Original Grant Contract Amount</th>
<th>Increase to Grant Contract Amount</th>
<th>Revised Grant Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and Redevelopment Authority of Bemidji</td>
<td>$118,930</td>
<td>$48,210</td>
<td>$167,140</td>
</tr>
</tbody>
</table>
2. The issuance of Grant Contract Agreement Amendments in form and substance acceptable to Agency staff and the execution of said Grant Contract Agreement Amendments shall occur no later than two months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall provide such information and execute all such documents relating to said grant, as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of July 2021

________________________________________
CHAIRMAN
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Item: Approval, HousingLink Grant Amendment

Staff Contact(s):
Alyssa Wetzel-Moore, alyssa.wetzel-moore@state.mn.us
Ryan Baumtrog, ryan.baumtrog@state.mn.us

Request Type:
☒ Approval  ☐ No Action Needed
☐ Motion  ☐ Discussion
☒ Resolution  ☐ Information

Summary of Request:
Staff recommends approval of an amendment, until November 30, 2022, of the existing grant contract with $175,000 in additional funding for HousingLink to maintain its ongoing operations including provision of vacancy and waiting list information, support to Streams, an online searchable database of publicly funded rental housing units in Minnesota, and to maintain the statewide Affirmative Marketing Toolkit.

Fiscal Impact:
This award uses Pool 3 resources structured as a grant which does not earn interest for the Agency.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
• Background
• Resolution
Minnesota Housing Finance Agency (the “Agency”) seeks to support providing comprehensive, accurate, and timely data regarding the supply of affordable rental housing and rental assistance to those searching for rental housing options. This request will support on-going operations for HousingLink, whose activities include:

**Advancing Affordable Housing Opportunities**

Low and moderate-income renters, and the agencies that help them, need a quick and efficient place to identify housing openings and answer housing questions. HousingLink provides these households and agencies a user-friendly, one-stop website to locate the following:
- Affordable rental housing openings.
- Open subsidized housing waiting lists.
- Rental housing education and resources to help them understand:
  - Subsidized housing
  - How to have a successful renting experience.
  - How to overcome criminal, credit, and rental history barriers.

The HousingLink website provides a wide variety of practical information and resources to help advance the affordable housing opportunities available to low and moderate-income renters.

**Housing Search (formerly hList)**

Service agencies and low-to-moderate income renters use their website to search for affordable rental housing and subsidized waiting list openings. A household searching for housing is the most common activity on their website.

**Housing Authority Waiting List (HAWL) Report**

The Housing Authority Waiting List (HAWL) Report contains information on the status of Section 8 Voucher and Public Housing waiting lists in the Twin Cities metro area. This report is heavily used and is updated whenever a change in waiting list status occurs.

In addition to publishing the report online, they email waiting list alerts to 7,000+ subscribers on their Housing Authority Waiting List Alert email. The subscribers to this list are low-income renters and service agency professionals who use the information to acquire subsidized housing opportunities. HAWL alerts are a way to disperse this information the moment it is available directly into the hands of case managers and renters.

**HousingLink Research and Housing Supply Data**

HousingLink provides information on the supply and location of publicly-funded affordable housing through reports and an online database called Streams. Streams (www.housinglink.org/streams) expanded statewide and now includes 3,300 properties and 122,119 affordable units with public funding. Streams is used by Minnesota Housing staff, as well as other researchers and community planners and policymakers.
Affirmative Marketing Toolkit

An online resource for housing providers seeking to ensure their applicant pool reflects the diversity of our communities, the toolkit aids in completing the HUD form, Affirmative Fair Housing Marketing Plan - Multifamily Housing, Form HUD-935.2A; using the Toolkit helps housing providers complete the HUD form.

Olmstead Plan

HousingLink completed a redesign of their website to improve the housing search experience for people with disabilities. They continue to promote the features of the website throughout the state to landlords, renters who need accessible housing, service agencies, and government organizations. They are focusing on getting more listings with accessible features for those with disabilities posted to the site, and increasing the amount of Greater MN search and listing activity.

Organization Background: HousingLink provides centralized housing information for individuals and communities primarily through its website for finding affordable housing vacancies. They also inform policy making with reliable, credible data.

HousingLink was created as a result of the 1995 Hollman v Cisneros Consent Decree, the decree stipulated that an affordable housing information 'clearinghouse' be created, to insure low and moderate income families would have access to affordable housing information they need. So as a result of the Hollman Decree, HousingLink was created in 1997 as a 501c3 to meet this need.

HousingLink has proved to be the key player for affordable housing information. Minnesota Housing, along with multiple affordable housing partners, utilize many of the resources now incorporated into the HousingLink website.

Financial Assessment:

HousingLink passed the agency’s Financial Review based on their 2020 Audited Financials.

Minnesota Housing has a current grant contract with HousingLink which expires on August 31, 2021. HousingLink is being processed under the requirements of our grants management policies. An on-site monitoring visit will be required.

Expected Outcomes:

HousingLink’s core activities fall within three of Minnesota Housing’s Strategic Priorities: Preserve Housing with Federal Project-Based Rent Assistance, Prevent and End Homelessness, and Address Specific and Critical Local Housing Needs. With this funding from Minnesota Housing, HousingLink will:
• Maintain its ongoing operations, including provision of vacancy and waiting list information through www.housinglink.org, information useful and educational services to housing seekers and providers and others in Minnesota.
• Maintain Streams, a publicly available, online, searchable database of publicly funded rental housing units in Minnesota.
• Maintain the statewide Affirmative Marketing Toolkit.
RESOLUTION NO. MHFA 20-XXXX

RESOLUTION APPROVING FY 2021 HousingLink Grant

WHEREAS, the Minnesota Housing Finance Agency ("Agency") is in need of comprehensive, accurate, and timely data regarding the supply of affordable rental housing and rental assistance; and

WHEREAS, The HousingLink provides vacancy and waiting list information, support to Streams, an online searchable database of publicly funded rental housing units in Minnesota, and to maintain the statewide Affirmative Marketing Toolkit; and

WHEREAS, Minnesota Housing has a current grant contract with The HousingLink which expires on August 31, 2021 and seeks to amend it until November 30, 2022.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to amend the existing grant contract with The HousingLink, using resources available pursuant to the grant, subject to the terms and conditions herein and in the respective grant agreement, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and amend the existing HousingLink Grant Contract Agreement for an additional $175,000 and an additional grant term extension until November 30, 2022; and
2. The issuance of a Grant Contract Agreement Amendment in form and substance acceptable to Agency staff, and the execution of the individual Grant Contract Agreement Amendment shall occur no later than six months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement Amendment as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of July 2021

__________________________________________________________
CHAIRMAN
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Board Agenda Item: 7.A  
Date: 7/22/2021

**Item:** Selection and Commitment, Low and Moderate Income Rental Loan (LMIR)  
- Cherry Ridge, D0722, Mankato, MN

**Staff Contact(s):**  
Caryn Polito, 651.297.3123, caryn.polito@state.mn.us

**Request Type:**  
☑️ Approval  ☐ No Action Needed  
☐ Motion  ☐ Discussion  
☑️ Resolution  ☐ Information

**Summary of Request:**  
Agency staff completed the underwriting and technical review of the proposed development and recommends the development for selection and adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $3,081,000.

All commitments are subject to the terms and conditions of the Agency term letter.

**Fiscal Impact:**  
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the end loan without incurring financing expenses. The Agency will earn additional fee income from originating the loan for this project.

**Meeting Agency Priorities:**  
☑️ Improve the Housing System  
☑️ Preserve and Create Housing Opportunities  
☐ Make Homeownership More Accessible  
☑️ Support People Needing Services  
☑️ Strengthen Communities

**Attachments:**  
- Development Summary  
- Resolution  
- Resolution Attachment: Term Letter
DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Project Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name</td>
</tr>
<tr>
<td>D#</td>
</tr>
<tr>
<td>M#</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>County</td>
</tr>
<tr>
<td>Date of Selection</td>
</tr>
<tr>
<td>Region</td>
</tr>
</tbody>
</table>

A. Project Description and Population Served

- The development involves the refinance and limited scope rehabilitation of 83 units in one, six-story elevator building with units ranging from one to three bedrooms.
- The apartment building was originally a college dorm building and was built in 1950. It was converted to apartments in 1990. Southwest Minnesota Housing Partnership acquired the property in 2007 and completed a moderate rehab at that time.
- The development provides general occupancy/workforce housing for families. There are also eight supportive housing units that serve homeless individuals and families; these units have HUD Continuum of Care (CoC) rental assistance.
- The development serves households with incomes at or below 60% Multifamily Tax Subsidy Projects (MTSP).
- Cherry Ridge Apartments currently has a LMIR first mortgage with HUD Risk-share from 2007, an Economic Development Housing Challenge (EDHC) loan, a Flexible Financing for Capital Costs (FFCC) loan, and a Home Investment Partnerships (HOME) loan.
- The original tax credit syndicator, Enterprise, has exited the partnership.

B. Mortgagor Information

<table>
<thead>
<tr>
<th>Ownership Entity:</th>
<th>Mankato Cherry Ridge Apartments Limited Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor:</td>
<td>Southwest Minnesota Housing Partnership</td>
</tr>
<tr>
<td>General Partner(s)/Principal(s):</td>
<td>Southwest Minnesota Housing Partnership</td>
</tr>
<tr>
<td>Guarantor(s):</td>
<td>Southwest Minnesota Housing Partnership</td>
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</tbody>
</table>
C. Development Team Capacity Review

The sponsor, Southwest Minnesota Housing Partnership, has the experience and capacity to complete the project. Southwest Minnesota Housing Partnership has rehabilitated over 1,184 units of affordable housing that are of similar size and scope to the proposed development.

The property manager, Lloyd Management Company, was established in 1971 and currently has 114 developments, with a total of 3,824 units. The property manager has the capacity to manage this development.

The service provider, Southwest Minnesota Housing Partnership, is experienced in serving high priority homeless residents.

None of the development team partners, comprised of the developer, asset management and service provider, represent a Black, Indigenous, and People of Color-owned/Women-owned Business Enterprise.

D. Current Funding Request

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Program</th>
<th>Source</th>
<th>Amount</th>
<th>IR</th>
<th>MIP</th>
<th>Term</th>
<th>Amort/Cash Flow</th>
<th>Construction/End Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Amortizing</td>
<td>LMIR</td>
<td>Pool 2</td>
<td>$3,081,000</td>
<td>3.50%</td>
<td>0.125%</td>
<td>35</td>
<td>35</td>
<td>End</td>
</tr>
</tbody>
</table>

- Agency LMIR permanent mortgage with HUD Risk-share

Permanent Mortgage Loan to Cost: 100%  
Permanent Mortgage Loan to Value: 67%

E. Significant Changes Since Date of Selection

Not applicable
SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition or Refinance</td>
<td>$1,912,653</td>
<td>$23,044</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>$635,014</td>
<td>$7,651</td>
</tr>
<tr>
<td>Environmental Abatement</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$19,775</td>
<td>$238</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$79,558</td>
<td>$959</td>
</tr>
<tr>
<td>Total Mortgageable Costs</td>
<td>$2,647,000</td>
<td>$31,892</td>
</tr>
<tr>
<td>Reserves</td>
<td>$434,000</td>
<td>$5,229</td>
</tr>
<tr>
<td><strong>Total Development Cost</strong></td>
<td><strong>$3,081,000</strong></td>
<td><strong>$37,120</strong></td>
</tr>
</tbody>
</table>

B. Permanent Capital Sources

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>LMIR Permanent Mortgage</td>
<td>$3,081,000</td>
<td>$37,120</td>
</tr>
<tr>
<td><strong>Total Permanent Financing</strong></td>
<td><strong>$3,081,000</strong></td>
<td><strong>$37,120</strong></td>
</tr>
</tbody>
</table>

C. Financing Structure

- The LMIR first mortgage will have a 3.50% interest rate with a 35-year term and amortization. The loan will be insured under the HUD Risk-sharing program.

- Existing Agency loans to be subordinated to, and to be made co-terminus with, the new LMIR:
  - $734,000 (HOME)
  - $547,500 (EDHC)

D. Cost Reasonableness

- Refinances are not subject to the predictive cost model.
### SECTION III: UNDERWRITING

#### A. Rent Grid

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number</th>
<th>Net Rent*</th>
<th>Rent Limit (% of MTSP or AMI)</th>
<th>Income Limit (% of MTSP or AMI)</th>
<th>Rental Assistance Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>19</td>
<td>$705</td>
<td>market rate</td>
<td>market rate</td>
<td>n/a</td>
</tr>
<tr>
<td>1 BR</td>
<td>15</td>
<td>$705</td>
<td>60%</td>
<td>60%</td>
<td>n/a</td>
</tr>
<tr>
<td>2 BR</td>
<td>43</td>
<td>$770</td>
<td>60%</td>
<td>60%</td>
<td>n/a</td>
</tr>
<tr>
<td>3 BR</td>
<td>6</td>
<td>$915</td>
<td>60%</td>
<td>60%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

**There are eight homeless units with HUD Continuum of Care rental assistance; these units are floating.

The restrictions under the Minnesota Housing programs will be as follows:

- **LMIR Restrictions (new)**
  - 34 units with rents and incomes at or below 60% MTSP
  - Up to 20 units unrestricted
  - 29 units with incomes at or below 100% of the greater of area or statewide median income

- There are additional restrictions under existing deferred loans and housing tax credit rent and income requirements

#### B. Feasibility Summary

All projects are underwritten within the Agency’s underwriting guidelines unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.05.
- The project was underwritten at 5% vacancy, with 2% income and 3% expense inflators.
- $434,000 will be deposited to replacement reserves to cover capital needs over the next ten years.
RESOLUTION NO. MHFA 21-

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development: Cherry Ridge
Sponsors: Southwest Minnesota Housing Partnership
Guarantors: Southwest Minnesota Housing Partnership
Location of Development: Mankato
Number of Units: 83
Amount of LMIR Mortgage: $3,081,000 (not to exceed)

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency’s rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the refinance and rehabilitation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency’s rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $3,081,000; and

2. The interest rate on the permanent LMIR loan shall be 3.50% per annum (subject to change, as set forth in the attached Agency term letter dated June 2, 2021), plus 0.125% per annum
Agenda Item: 7.A. Resolution

HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and

3. The term of the permanent LMIR loan shall be 35 years; and

4. The loan closing shall occur on or before January 31, 2022; and

5. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

7. Southwest Minnesota Housing Partnership shall guarantee the mortgagor’s payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

8. The sponsor, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 22nd day of July 2021

___________________________________
CHAIRMAN
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June 16, 2021

Kristie Blankenship
Mankato Cherry Ridge Apartments Limited Partnership
Southwest Minnesota Housing Partnership
2401 Broadway Ave, Suite 4
Slayton, MN 56172

RE: Term Letter
Cherry Ridge, Mankato
MHFA Development #D0722, Project #M18674

Dear Ms. Blankenship:

Minnesota Housing Finance Agency (“Minnesota Housing”) staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the “Terms”). The Terms are subject to Minnesota Housing’s Board of Directors’ approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower: A single asset entity: Mankato Cherry Ridge Apartments Limited Partnership

General Partner: Southwest Minnesota Housing Partnership

Development Description/Purpose: Refinance and rehabilitation of an 83-unit affordable housing development located in Mankato, Minnesota

<table>
<thead>
<tr>
<th>Program</th>
<th>Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$3,081,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>*3.50%</td>
</tr>
<tr>
<td>Mortgage Insurance Premium (%)</td>
<td>0.125% (first year premium is paid in advance)</td>
</tr>
<tr>
<td>Term</td>
<td>35</td>
</tr>
<tr>
<td>Amortization/Repayment</td>
<td>35</td>
</tr>
<tr>
<td>Prepayment Provision</td>
<td>No prepayment first 10 years from date of the Note.</td>
</tr>
<tr>
<td>Nonrecourse or Recourse</td>
<td>Nonrecourse</td>
</tr>
</tbody>
</table>
*Subject to change. Loan closing must occur by December 2, 2021 for the quoted interest rate to be valid; interest rate may be subject to adjustment after this date at Minnesota Housing’s sole discretion.

**Origination Fee:**  
LMIR HUD Risk Share Loan: $61,620  
( payable at loan closing)

**Inspection Fee:**  
Not applicable

**Guaranty/Guarantor(s):**  
Operations Guaranty to be provided by: Southwest Minnesota Housing Partnership

**Operating Deficit Escrow Reserve Account:**  
Not applicable

**Operating Cost Reserve Account:**  
Not applicable

**Rehab Escrow Account:**  
Capitalized rehab escrow account in the amount of $635,014 funded at loan closing.

**Replacement Reserve Account:**  
Capitalized replacement reserve in the amount of $434,000 funded at loan closing. In addition, a replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $3,112.50. The replacement reserve will be held by Minnesota Housing.

**Escrows:**  
Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing.

**Collateral/Security:**  
Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

**HAP or other Subsidy Agreement:**  
Not applicable

**Rent and Income Requirements:**  
- 34 units with rents and incomes at or below 60% MTSP  
- Up to 20 units unrestricted
• 29 units with incomes at or below 100% of the greater of area or statewide median income

Commitment to affordability in effect while the loan is outstanding.

Other Occupancy Requirements: Not applicable

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: The Terms will expire six months from the date of this letter.

Additional Terms: Not applicable

Other Conditions:
• The existing Agency FFCC loan will be paid in full at closing, including accrued interest.
• The existing Agency EDHC and HOME deferred loans will be extended to be coterminous with the new first mortgage.
• The interest rate on the EDHC loan will be reduced from 0.25% to 0%. Accrued interest will be paid at closing.
• The interest rate on the HOME loan will be reduced from 0.25% to 0%. Accrued interest will be forgiven.
• Interest on the Southwest Minnesota Housing Partnership loans will be reduced to 1% (or less) going forward.

Board Approval: Commitment of all loans under the LMIR program is subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loan.

Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower’s ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Maggie.Nadeau@state.mn.us on or before June 30, 2021.

If you have any questions related to this letter, please contact Caryn Polito at 651.297.3123 or by e-mail at caryn.polito@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.
Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

MANKATO CHERRY RIDGE APARTMENTS LIMITED PARTNERSHIP

By: __________________________

Its: COO, SWMHP, Managing General Partner

Date Accepted: 06.21.2021

06.21.2021

COO, SWMHP, Managing General Partner
Item:  Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) and Asset Management Loan
   – St. Lucas Riverside, D3296, Faribault, MN

Staff Contact(s):
Caryn Polito, 651.297.3123, caryn.polito@state.mn.us

Request Type:
☒ Approval ☐ No Action Needed
☒ Motion ☐ Discussion
☒ Resolution ☐ Information

Summary of Request:
Agency staff completed the underwriting and technical review of the proposed development and recommends the development for selection and adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $1,827,000 and an Asset Management (Financing Adjustment/Financing Adjustment Factor [FA/FAF]) loan program commitment in the amount of up to $620,000.

All commitments are subject to the terms and conditions of the Agency term letter.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income without incurring financing expenses. The Agency will earn additional fee income from originating the loans for this project.

The Asset Management (FA/FAF) loan will be funded out of federal resources, will be deferred, and will not earn interest for the Agency.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachments:
• Development Summary
• Resolution
• Resolution Attachment: Term Letter
DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Project Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name</td>
</tr>
<tr>
<td>D#</td>
</tr>
<tr>
<td>M#</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>County</td>
</tr>
<tr>
<td>Date of Selection</td>
</tr>
<tr>
<td>Region</td>
</tr>
</tbody>
</table>

A. Project Description and Population Served

- The development involves the refinance and limited scope rehab of 30 units in a three-story elevator building. All 30 units are one-bedroom units.
- The development is restricted to elderly and disabled households.
- All 30 units benefit from Project-based Section 8 rental assistance. The Agency administers the Housing Assistance Payments (HAP) contract.
- The development will serve households with incomes at or below 60% Multifamily Tax Subsidy Projects (MTSP).
- The refinance will replace the existing first mortgage with Prudential with a 6.40% interest rate with a new LMIR with HUD Risk-share with a 3.50% interest rate.
- An asset management deferred loan, funded by Financing Adjustment Factor (FAF) and Financing Adjustment (FA), will be used to fill the funding gap for the rehab work.
- The property is undergoing the HUD Chapter 15 mark-up-to market process, which will allow rents to be increased based on the rehab work taking place. The new rents will go into effect at loan closing since the new first mortgage amortization will commence immediately.

B. Mortgagor Information

<table>
<thead>
<tr>
<th>Ownership Entity:</th>
<th>St. Lucas Riverside Apartments, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor:</td>
<td>St. Lucas Riverside Apartments, Inc.</td>
</tr>
<tr>
<td>General Partner(s)/Principal(s):</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Guarantor(s):</td>
<td>St. Lucas Riverside Apartments, Inc.</td>
</tr>
</tbody>
</table>
*The ownership entity is a single-asset entity nonprofit corporation. There is not a sponsor organization beyond the ownership entity.

C. Development Team Capacity Review

The property is owned by St. Lucas Riverside Apartments, Inc., a Minnesota not-for-profit corporation. The sponsor has the experience and capacity to complete the project. The sponsor has partnered with processing agent Rippley Richard Real Estate Development Services, LLC, and management company, AHEPA Affordable Housing Management Company, Inc., to assist with the transaction.

The property manager, AHEPA Affordable Housing Management Company, Inc., was established in 1991 and currently has 94 developments with 4,930 units. The property manager has the capacity to continue managing this development.

None of the development team partners, comprised of the developer or asset management, represent a Black, Indigenous, and People of Color-owned/Women-owned Business Enterprise.

D. Current Funding Request

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Program</th>
<th>Source</th>
<th>Amount</th>
<th>IR</th>
<th>MIP</th>
<th>Term</th>
<th>Amort/Cash Flow</th>
<th>Construc/End Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Amortizing</td>
<td>LMIR</td>
<td>Pool 2</td>
<td>$1,827,000</td>
<td>3.50%</td>
<td>0.125%</td>
<td>35</td>
<td>35</td>
<td>End</td>
</tr>
<tr>
<td>Asset Management Loan (FA/FAF)</td>
<td>Asset Management</td>
<td>FA/FAF</td>
<td>$620,000</td>
<td>0%</td>
<td>n/a</td>
<td>35</td>
<td>n/a</td>
<td>End</td>
</tr>
</tbody>
</table>

- Agency LMIR permanent mortgage with HUD Risk-share
- Asset Management loan funded by FA/FAF
  - Financing Adjustment Factor (FAF) and Financing Adjustment (FA) financing is the result of an agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing to share in savings resulting from refunding high interest rate bonds originally issued in 1980 through 1983 to finance Section 8 developments.

Permanent Mortgage Loan to Cost: 74%       Permanent Mortgage Loan to Value: 87%

E. Significant Changes Since Date of Selection

Not applicable


## SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

### A. Project Uses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition or Refinance</td>
<td>$ 837,615</td>
<td>$ 27,921</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>$ 1,289,972</td>
<td>$ 42,999</td>
</tr>
<tr>
<td>Environmental Abatement</td>
<td>$ 0</td>
<td>$ 0</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$ 62,950</td>
<td>$ 2,098</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$ 80,000</td>
<td>$ 2,667</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$ 52,543</td>
<td>$ 1,751</td>
</tr>
<tr>
<td>Total Mortgageable Costs</td>
<td>$ 2,323,080</td>
<td>$ 77,436</td>
</tr>
<tr>
<td>Reserves</td>
<td>$ 130,000</td>
<td>$ 4,333</td>
</tr>
<tr>
<td><strong>Total Development Cost</strong></td>
<td><strong>$ 2,453,080</strong></td>
<td><strong>$ 81,769</strong></td>
</tr>
</tbody>
</table>

### B. Permanent Capital Sources

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>LMIR Permanent Mortgage</td>
<td>$ 1,827,000</td>
<td>$ 60,900</td>
</tr>
<tr>
<td>Asset Management Loan</td>
<td>620,000</td>
<td>$ 20,667</td>
</tr>
<tr>
<td>Replacement Reserves</td>
<td>6,080</td>
<td>203</td>
</tr>
<tr>
<td><strong>Total Permanent Financing</strong></td>
<td><strong>$ 2,453,080</strong></td>
<td><strong>$ 81,769</strong></td>
</tr>
</tbody>
</table>

### C. Financing Structure

- The LMIR first mortgage will have a 3.50% interest rate with a 35-year term and amortization. The loan will be insured under the HUD Risk-sharing program.
- The asset management loan will have a 0% interest rate with a 35-year term.

### D. Cost Reasonableness

- Refinances are not subject to the predictive cost model.
SECTION III: UNDERWRITING

A. Rent Grid

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number</th>
<th>Net Rent*</th>
<th>Rent Limit (% of MTSP or AMI)</th>
<th>Income Limit (% of MTSP or AMI)</th>
<th>Rental Assistance Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>30</td>
<td>$835</td>
<td>See below</td>
<td>See below</td>
<td>Section 8</td>
</tr>
</tbody>
</table>

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

The restrictions under the Minnesota Housing programs will be as follows:

- LMIR Restrictions (new)
  - 12 units with rents and incomes at or below 60% MTSP
  - Up to 7 units unrestricted
  - 11 units with incomes at or below 100% of the greater of area or statewide median income

- Asset Management Loan (FA/FAF) Restrictions (new)
  - Commitment to 35 years of affordability from the date of loan closing under the Section 8 Program for 30 units.

B. Feasibility Summary

All projects are underwritten within the Agency’s underwriting guidelines unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.09.
- The project was underwritten at 6% vacancy, with 1.5% income and 3% expense inflators.
- The existing Housing Assistance Payments (HAP) contract expires on June 30, 2022; the borrower will execute a new 20-year HAP contract before closing.
- $130,000 will be deposited to replacement reserves to cover capital needs over the next ten years.
RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM
AND ASSET MANAGEMENT LOAN PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development: St. Lucas Riverside
Sponsors: St. Lucas Riverside Apartments, Inc.
Guarantors: St. Lucas Riverside Apartments, Inc.
Location of Development: Faribault
Number of Units: 30
Amount of LMIR Mortgage: $1,827,000 (not to exceed)
Amount of Asset Management Loan: $620,000 (not to exceed)

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency’s rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the refinance and rehabilitation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency’s rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide permanent mortgage loans to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program) and the Financing Adjustment Factor (FAF) and
Financing Adjustment (FA) fund (under the Asset Management Program) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $1,827,000; and

2. The interest rate on the permanent LMIR loan shall be 3.50% per annum (subject to change, as set forth in the attached Agency term letter dated June 9, 2021), plus 0.125% per annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and

3. The term of the permanent LMIR loan shall be 35 years; and

4. The amount of the Asset Management deferred loan shall not exceed $620,000; and

5. Repayment of the Asset Management loan shall be deferred, with interest up to 1.0%, and the loan term shall be co-terminus with the LMIR loan; and

6. The loan closing shall occur on or before January 31, 2022; and

7. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

8. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

9. St. Lucas Riverside Apartments, Inc. shall guarantee the mortgagor’s payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

10. The sponsor, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 22nd day of July 2021

______________________________
CHAIRMAN
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June 9, 2021

Christopher Marks
St. Lucas Riverside Apartments, Inc.
6101 104th Circle North
Brooklyn Park, MN  55443

RE: Term Letter
St. Lucas Riverside Apartments, Faribault
MHFA Development #3296, Project #18646

Dear Mr. Marks:

Minnesota Housing Finance Agency (“Minnesota Housing”) staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the “Terms”). The Terms are subject to Minnesota Housing’s Board of Directors’ approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower: A single asset entity: St. Lucas Riverside Apartments, Inc.

General Partner(s): Not applicable
Managing Member(s):

Development Description/Purpose: Refinance and rehabilitation of a 30-unit affordable housing development located in Faribault, Minnesota

<table>
<thead>
<tr>
<th>Minnesota Housing Loan Type/Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
</tr>
<tr>
<td>Loan Amount</td>
</tr>
<tr>
<td>Interest Rate</td>
</tr>
<tr>
<td>Mortgage Insurance Premium (%)</td>
</tr>
<tr>
<td>(first year premium is paid in advance)</td>
</tr>
<tr>
<td>Term</td>
</tr>
<tr>
<td>Amortization/Repayment</td>
</tr>
<tr>
<td>Prepayment Provision</td>
</tr>
<tr>
<td>Nonrecourse or Recourse</td>
</tr>
</tbody>
</table>
*Subject to change. Loan closing must occur by October 31, 2021 for the quoted interest rate to be valid; interest rate may be subject to adjustment after this date at Minnesota Housing’s sole discretion.

| Origination Fee: | LMIR HUD Risk Share Loan: $36,540 payable at loan closing |
| Inspection Fee: | Not applicable |
| Guaranty/Guarantor(s): | Operations Guaranty to be provided by: St. Lucas Riverside Apartments, Inc. |
| Operating Deficit Escrow Reserve Account: | Not applicable |
| Operating Cost Reserve Account: | Not applicable |
| Rehab Escrow Account: | Capitalized rehab escrow account in the amount of $1,289,972 funded at loan closing. The rehab escrow account will be held by Minnesota Housing. |
| Replacement Reserve Account: | Capitalized replacement reserve in the amount of $130,000 funded at loan closing. In addition, a replacement reserve will be required in the amount of $300/unit/annum. The monthly replacement reserve will be $750. The replacement reserve will be held by Minnesota Housing. |
| Escrows: | Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing. |
| Collateral/Security: | Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment. |
| HAP or other Subsidy Agreement: | Commitment to 35 years of affordability from the date of loan closing under the Section 8 Program for 30 units. |
| Rent and Income Requirements: | 12 units with rents and incomes at or below 60% MTSP |
• Up to 7 units may have unrestricted incomes
• 11 units with incomes at or below 100% of the greater of area or statewide median income

Commitment to affordability in effect while the LMIR loan is outstanding.

Other Occupancy Requirements: Not applicable

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: The Terms will expire six months from the date of this letter.

Additional Terms: Not applicable

Other Conditions: • The borrower must execute a new 20-year HAP contract, with post-rehab rents, prior to closing.
• Surplus cash must be deposited to a residual receipts account held by Minnesota Housing.

Board Approval: Commitment of all loans under the LMIR and asset management programs is subject to Minnesota Housing’s board approval and adoption of a resolution authorizing the commitment of the loans.

Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower’s ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to allison.ehlert@state.mn.us on or before June 23, 2021.

If you have any questions related to this letter, please contact Caryn Polito at 651.297.3123 or by e-mail at caryn.polito@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily
AGREED AND ACCEPTED BY:

ST. LUCAS RIVERSIDE APARTMENTS, INC.

By: [Signature]

Its: [Position]

Date Accepted: 06/17/2021
Item: Approval and Selection, Publicly Owned Housing Program (POHP) 2020 RFP

Staff Contact(s):
Irene Ruiz-Briseno, 651.296.3837, irene.ruiz-briseno@state.mn.us
Betsy Michels, 651.297.3741, betsy.michels@state.mn.us
Dani Salus, 651.284.3178, danielle.salus@state.mn.us

Request Type:
☒ Approval            ☐ No Action Needed
☐ Motion               ☐ Discussion
☒ Resolution        ☐ Information

Summary of Request:
Staff requests approval and adoption of the attached resolution authorizing the selection and awards for 2020 POHP applicants. If approved, the selections would fully fund 19 developments and partially fund 2 developments, for a total amount of up to $14,746,678. Selections are subject to final underwriting and the terms and conditions of the POHP Program Guide and loan documents.

Fiscal Impact:
POHP loans are financed by State of Minnesota General Obligation (GO) Bond proceeds and the loans do not earn interest for the Agency.

Meeting Agency Priorities:
☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Background
- 2020 POHP Selections and Funding Recommendations
- Maps of 2020 Funding Recommendations and 2017-2020 Funded Developments
- Resolution
Background:
The 2020 Minnesota Legislature allocated $16 million in state General Obligation (GO) bond proceeds to Minnesota Housing to finance loans for the rehabilitation of public housing. Because of the concept based POHP application process (explained below), staff is recommending initial funding awards of up to $14,746,678.

Public housing means housing for low-income people and households that is financed by the federal government and owned and operated by a city or county public entity such as a housing and redevelopment authority (HRA), public housing agency (PHA), community development agency (CDA), or economic development authority (EDA). (Note: for consistency within this board report, the acronym HRA will be used when referring to applicants even though some applicants may be legally designated as a PHA, CDA, or an EDA.)

Twenty-six different HRAs applied for funding under Minnesota Housing’s 2020 POHP Request for Proposals (RFP) and submitted funding requests for 33 developments. Seven funding requests were from the metro area and 26 were from Greater Minnesota. The 2020 POHP RFP received requests for more than $21.6 million.

Minnesota Housing staff provided each applicant with an individual technical assistance session prior to the application deadline. During these technical assistance sessions, POHP staff explained general program guidelines and learned more about each applicant’s proposed rehabilitation project. This outreach was beneficial in encouraging a few smaller HRAs to apply for the first time. Ten of the fifteen recommended HRAs have previously received POHP funding. Five of the fifteen recommended HRAs have never received POHP funding. Prior POHP eligibility criteria included an HRA having a minimum Public Housing Assessment System (PHAS) score of 80. This requirement was removed from the appropriations language allowing more HRAs to be eligible to apply.

Because applications are concept-based, selected applicants only have preliminary construction and development costs at this time. Minnesota Housing program staff will work closely with selected applicants to refine their project scope of work and will require certain applicants to engage a professional architect and/or engineer based on their specific scope of work. Agency staff will also review and approve final development budgets, including funds reserved for construction contingency. Given this approach, staff withheld a limited amount of funds to account for potential cost increases because of changes in scope of work or increased professional fees.

Since POHP loans are funded by proceeds from state GO Bonds, Minnesota Housing staff assessed the applications to ensure that the proposed renovations were of a capital nature, as required by Minnesota’s statutes section §16A.695. Items that meet this threshold include a significant building system or systems that is/are either failing or near the end of their intended useful life.
Along with this threshold, Minnesota Housing staff reviewed and ranked applications based on the amount of work that fell into one of the following four categories:

a) Life Safety (e.g., fire alarm panels, fire suppression systems)

b) Critical Physical Need (e.g., failing boilers, elevators, roofs)

c) Energy and Resource Conservation (e.g., lighting, water conservation measures)

d) Accessibility Improvements (e.g., unit improvements, common area improvements, building access, parking areas)

POHP scoring was based on eligible costs, costs that met a POHP priority as previously mentioned, as well as the immediacy of the need. An important goal in making selection recommendations was to fund scope items that were in worst condition and that had the most time-critical need among all applications. Some recommendations were modified to remove items that were eligible but less critical compared to other applications; therefore, each funding recommendation is based upon both objective and comparative analysis.

The POHP loan is structured as a 20-year forgivable loan, with a 35-year compliance period. Annual compliance reporting is required.

### 2020 POHP Application Summary and Process

<table>
<thead>
<tr>
<th>Applications Received</th>
<th>Applications Recommended for Funding</th>
<th>Applications Recommended for Waiting List*</th>
<th>Applications Not Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>33 developments</td>
<td>21 developments selected (2 of which are partial awards of the amount requested)</td>
<td>4 developments on the waiting list</td>
<td>8 developments not recommended for funding</td>
</tr>
<tr>
<td>submitted by 26 HRAs</td>
<td></td>
<td>1 partial award on the waiting list</td>
<td></td>
</tr>
<tr>
<td>2,450 housing units</td>
<td>1,870 housing units</td>
<td>289 housing units</td>
<td>291 housing units</td>
</tr>
<tr>
<td>$21,613,036 million requested</td>
<td>$14,746,678 requested and recommended</td>
<td>$4,177,954 requested and potentially recommended if additional funds become available</td>
<td>$2,696,102 requested but not recommended for selection</td>
</tr>
</tbody>
</table>

- 7 Metro developments (21%)
- 26 Greater Minnesota developments (79%)

    - 7 metro developments (33%)
    - 14 Greater Minnesota developments (67%)

- 0 metro developments (0%)
- 8 Greater Minnesota developments (100%)
*NOTE: Staff is recommending placing five developments on a waiting list should additional GO Bond funds become available by either legislative action or cost savings from current POHP projects. Projects on the waiting list will require final review and approval by Minnesota Housing’s Mortgage Credit Committee before being brought to the board for commitment approval.

POHP program staff reviewed all developments for:

- Compliance with POHP program statutes, rules, and priorities
- Overall project feasibility
- Demonstration of financial need
- Organizational capacity

Minnesota Housing architectural staff reviewed the proposed work scope, taking the following into consideration:

- HRA work scope priorities
- Critical health and safety requests
- Water and energy conservation measures to reduce operating expenses
- Accessibility improvements
- Immediacy of need
- Consequences of the work not being completed

The proposals recommended for selection are set forth on the following pages.
## 2020 POHP Selection Recommendations

**07/22/2021**

<table>
<thead>
<tr>
<th>D#</th>
<th>Applicant</th>
<th>Development</th>
<th>City</th>
<th>Units</th>
<th>Recommended Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>D8401</td>
<td>Minneapolis PHA</td>
<td>Cedar High Apts (630)</td>
<td>Minneapolis</td>
<td>191</td>
<td>$875,000</td>
</tr>
<tr>
<td>D8402</td>
<td>Minneapolis PHA</td>
<td>James R. Heltzer Manor</td>
<td>Minneapolis</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>D7807</td>
<td>Minneapolis PHA</td>
<td>Cedar High Apts (1627)</td>
<td>Minneapolis</td>
<td>116</td>
<td>$1,325,000</td>
</tr>
<tr>
<td>D7619</td>
<td>Minneapolis PHA</td>
<td>Lyndale Manor</td>
<td>Minneapolis</td>
<td>239</td>
<td></td>
</tr>
<tr>
<td>D8398</td>
<td>Grand Rapids HRA</td>
<td>401 River Road Apartments</td>
<td>Grand Rapids</td>
<td>42</td>
<td>$423,815</td>
</tr>
<tr>
<td>D7777</td>
<td>Aitkin County HRA</td>
<td>Pioneer Villa &amp; Hill Lake Manor</td>
<td>McGregor &amp; Hill City</td>
<td>60</td>
<td>$260,200</td>
</tr>
<tr>
<td>D8399</td>
<td>Janesville HRA</td>
<td>Park Road Plaza</td>
<td>Janesville</td>
<td>38</td>
<td>$293,953</td>
</tr>
<tr>
<td>D8411</td>
<td>Cambridge EDA</td>
<td>Bridge Park Apartments</td>
<td>Cambridge</td>
<td>45</td>
<td>$80,000</td>
</tr>
<tr>
<td>D7616</td>
<td>Hibbing HRA</td>
<td>1st Avenue Apartments</td>
<td>Hibbing</td>
<td>60</td>
<td>$247,950</td>
</tr>
<tr>
<td>D7796</td>
<td>Hibbing HRA</td>
<td>Park Terrace</td>
<td>Hibbing</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>D6380</td>
<td>Albert Lea HRA</td>
<td>Shady Oaks High Rise</td>
<td>Albert Lea</td>
<td>126</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>D7630</td>
<td>Red Wing HRA</td>
<td>Jordan Tower I</td>
<td>Red Wing</td>
<td>100</td>
<td>$423,700</td>
</tr>
<tr>
<td>D7781</td>
<td>Carlton HRA</td>
<td>Woodland Pines</td>
<td>Carlton</td>
<td>19</td>
<td>$315,908</td>
</tr>
<tr>
<td>D8178</td>
<td>Austin HRA</td>
<td>Pickett Place</td>
<td>Austin</td>
<td>100</td>
<td>$206,361</td>
</tr>
<tr>
<td>D8400</td>
<td>Lincoln County HRA</td>
<td>Scattered Site</td>
<td>Four Communities</td>
<td>14</td>
<td>$262,450</td>
</tr>
<tr>
<td>D7823</td>
<td>Saint Paul PHA</td>
<td>Wabasha Hi-Rise</td>
<td>Saint Paul</td>
<td>70</td>
<td>$943,000</td>
</tr>
<tr>
<td>D7770</td>
<td>Crookston HEDA</td>
<td>Oak Court Apartments</td>
<td>Crookston</td>
<td>66</td>
<td>$570,294</td>
</tr>
<tr>
<td>D7795</td>
<td>Hibbing HRA</td>
<td>7th Avenue Apartments</td>
<td>Hibbing</td>
<td>70</td>
<td>$431,565</td>
</tr>
<tr>
<td>D7932</td>
<td>Saint Paul PHA</td>
<td>Valley Hi-Rise</td>
<td>Saint Paul</td>
<td>158</td>
<td>$668,000</td>
</tr>
<tr>
<td>D2514</td>
<td>South St. Paul HRA</td>
<td>John Carroll Hi-Rise</td>
<td>South St. Paul</td>
<td>166</td>
<td>$3,287,152</td>
</tr>
<tr>
<td>D7810</td>
<td>Stevens County HRA</td>
<td>GrandView Apartments</td>
<td>Morris</td>
<td>60</td>
<td>$632,330</td>
</tr>
</tbody>
</table>

**TOTAL:** 15  21  1,870  $14,746,678
### Waiting List

<table>
<thead>
<tr>
<th>D#</th>
<th>Applicant</th>
<th>Development</th>
<th>City</th>
<th>Units</th>
<th>Recommended Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>D7932</td>
<td>Saint Paul PHA</td>
<td>Valley Hi-Rise</td>
<td>Saint Paul</td>
<td>158</td>
<td>$ 689,000</td>
</tr>
<tr>
<td>D8403</td>
<td>Olmsted County HRA</td>
<td>Westwood Townhomes</td>
<td>Rochester</td>
<td>30</td>
<td>$ 1,245,570</td>
</tr>
<tr>
<td>D6359</td>
<td>Duluth HRA</td>
<td>Midtowne Manor I</td>
<td>Duluth</td>
<td>107</td>
<td>$ 1,595,835</td>
</tr>
<tr>
<td>D8046</td>
<td>Cook HRA</td>
<td>Homestead-Pioneer</td>
<td>Cook</td>
<td>48</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>D6387</td>
<td>Moorhead PHA</td>
<td>Riverview Heights</td>
<td>Moorhead</td>
<td>104</td>
<td>$ 497,549</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td></td>
<td></td>
<td>447</td>
<td>$ 4,177,954</td>
</tr>
</tbody>
</table>
WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) received applications to provide loans financed by state General Obligation (GO) bond proceeds for the purpose of addressing critical health and safety needs and to fund conservation measures for public housing developments occupied by persons and families of low- and moderate-incomes; and

WHEREAS, Minnesota Housing staff has determined that 21 such developments are eligible applicants under Minnesota Housing’s rules, regulations, and policies; that such loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the rehabilitation of the developments will assist in fulfilling the purpose of Minn. Stat. Ch. 462A;

NOW THEREFORE, BE IT RESOLVED:

1. The Board hereby authorizes Minnesota Housing staff to enter into loan agreements and to make loans using state GO bond proceeds to the following 21 developments, in the amounts and in compliance with the conditions set forth below:

<table>
<thead>
<tr>
<th>D#</th>
<th>Applicant</th>
<th>Development</th>
<th>Recommended Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>8401</td>
<td>Minneapolis Public Housing Authority in and for the City of Minneapolis</td>
<td>Cedar High Apts (630)</td>
<td>$875,000</td>
</tr>
<tr>
<td>8402</td>
<td>James R. Heltzer Manor</td>
<td>James R. Heltzer Manor</td>
<td>$1,325,000</td>
</tr>
<tr>
<td>7807</td>
<td>Cedar High Apts (1627)</td>
<td>Lyndale Manor</td>
<td>$875,000</td>
</tr>
<tr>
<td>7619</td>
<td>Housing and Redevelopment Authority of Grand Rapids</td>
<td>Lyndale Manor</td>
<td>$1,325,000</td>
</tr>
<tr>
<td>8398</td>
<td>Housing and Redevelopment Authority of Grand Rapids</td>
<td>401 River Road Apartments</td>
<td>$423,815</td>
</tr>
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<td>Pioneer Villa &amp; Hill Lake Manor</td>
<td>$260,200</td>
</tr>
<tr>
<td>8399</td>
<td>Housing and Redevelopment Authority of Janesville, Minnesota</td>
<td>Park Road Plaza</td>
<td>$293,953</td>
</tr>
<tr>
<td>8411</td>
<td>Cambridge Economic Development Authority</td>
<td>Bridge Park Apartments</td>
<td>$80,000</td>
</tr>
</tbody>
</table>
## Agenda Item: 7.C
### Resolution

### The Housing and Redevelopment Authority of Hibbing, Minnesota

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Avenue Apartments</td>
<td>Hibbing, Minnesota</td>
<td>$247,950</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td>Park Terrace</td>
<td>Hibbing, Minnesota</td>
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<td>$3,500,000</td>
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<td>Jordan Tower I</td>
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<td>John Carroll Hi-Rise</td>
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<td>$3,287,152</td>
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</tr>
<tr>
<td>GrandView Apartments</td>
<td>Hibbing, Minnesota</td>
<td>$632,330</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td>$14,746,678</td>
</tr>
</tbody>
</table>

### 2. Conditions of lending:

a) The issuance of a loan commitment in form and substance acceptable to Minnesota Housing staff and the closing of all loans shall occur no later than 30 months from the adoption date of this resolution. If a development elects the End Loan, the End Loan Commitment shall occur no later than 30 months from the adoption date of this resolution, and construction of the development shall be completed within 18 months from the date of the End Loan Commitment; and

b) The interest rate on each loan shall be 0%; the maturity date of the loan shall be 20 years from the date of closing, at which time the loan may be forgiven; and
c) POHP loan commitments, and any future commitments, are subject to the ability of the state of Minnesota to sell GO bonds on terms and conditions and in a time and manner acceptable to the state; and

d) The mortgagors and such other parties as Minnesota Housing staff in their sole discretion deems necessary shall execute all such documents relating to said loans.

Adopted this 22\textsuperscript{nd} day of July 2021

__________________________________________
CHAIRMAN
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Item: Selection and Commitment, Family Homeless Prevention and Assistance Program Funds

Staff Contact(s):
Nancy Urbanski, 651-296-3683, nancy.urbanski@state.mn.us
Diane Elias, 651.284.3176, diane.elias@state.mn.us
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

Request Type:
☑ Approval
☐ No Action Needed
☒ Motion
☐ Discussion
☐ Resolution
☐ Information

Summary of Request:
Staff requests adoption of the attached resolution authorizing $20,577,600 in Family Homeless Prevention and Assistance Program (FHPAP) funds. These funds will allow Minnesota Housing to execute Grant Contract Agreements with 20 grantees to provide supportive services and direct financial assistance to populations throughout the state of Minnesota. Staff also requests approval of a waiver to the provision in the Program Guide to allow St. Louis County and White Earth Band of Ojibwe to utilize more than 50% of the total grant budget for supportive services.

Fiscal Impact:
FHPAP is funded by state appropriations and individual awards are structured as grants, which do not earn any interest for the Agency.

Meeting Agency Priorities:
☑ Improve the Housing System
☑ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☑ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
Background
Resolution
Background

Program Overview: In 1993, the Minnesota Legislature established the Family Homeless Prevention and Assistance Program (FHPAP) to assist families who were homeless or at imminent risk of homelessness. The program goals aim to prevent homelessness, minimize periods of homelessness, and eliminate repeat episodes of homelessness. The 1995 Minnesota Legislature expanded eligibility for the FHPAP program to include single adults and youth. Tribal nations became eligible applicants in 2016.

In the metro area, only counties are eligible to apply for funding. In Greater Minnesota, eligible applicants include tribal nations, counties, a group of contiguous counties, and nonprofit organizations who have secured county board approval to administer the program for all counties in the service area. FHPAP funds are used for supportive services and direct financial assistance to prevent homelessness or re-house homeless households as quickly as possible. Services include housing navigation and case management to find and keep housing. Direct financial assistance includes payments for short-term rental assistance, security deposits, mortgage assistance, and utility assistance. In addition, ten percent of funds can be utilized for administration.

The program serves approximately 5,000 to 6,000 households per year. In 2020, Minnesota Housing was able to utilize the data it collects more effectively, including measuring household stability at program exit by race and ethnicity. Data from the first year of the most recent biennium indicates that 95% of households receiving prevention assistance and 86% of households receiving rapid rehousing assistance were stably housed at exit. The data also demonstrated that all households, regardless of race and ethnicity, had a similar rate of stability if receiving prevention assistance. This indicated that those who already have housing achieve stability with assistance in an equitable way; however, multi-racial households and African American households receiving rapid rehousing achieved lower rates of housing stability at exit than their white and Native American counterparts. The Agency, in discussion with administrators, will continue to utilize data to determine how the program can help improve those results.

Minnesota statute (462A.204) outlines program requirements, which include that each grantee establish an advisory committee. The advisory committee requires membership from homeless advocate organizations, service providers, homeless or formerly homeless people, and state staff who are part of the Minnesota Interagency Council on Homelessness. Other members may include landlords, and individuals from law enforcement, faith-based organizations, and counties. In addition to helping the grant administrator implement and monitor an FHPAP project in their local community, advisory committees often tackle other community issues related to homelessness to help reduce barriers and increase access to housing.

To apply for funding, the applicant conducts a needs assessment to determine the best use of FHPAP funds for that region. Traditionally, FHPAP has been used flexibly to complement the resources available in the community. For example, if the region utilizes HUD funds to address
homelessness and funding is decreased, FHPAP can be utilized to assist with the homeless need. If utility prices increase, FHPAP can help provide more utility assistance. The FHPAP advisory committee continuously assesses the trends in resources and needs throughout the biennium and can responsively adjust resources to address the changes in the region.

Typically, FHPAP has enough funding to help 20% or fewer households who are eligible, and recently, federal funds have been deployed to assist the high number of households who have been affected by the pandemic. This assistance has provided additional relief that could not have been sustained by FHPAP alone. Current administrators have reported that with the federal assistance, some greater Minnesota agencies have achieved helping up to 50-80% of households requesting assistance. In more urban areas, administrators indicated the percent of households able to be served by FHPAP is still under 20%, which may demonstrate the demand is still greater than resources available.

**Request for Proposals:** Funds are for a biennial period that begins October 1, 2021 and ends September 30, 2023. This includes $17,970,750 from the Minnesota Legislature’s approved budget for FY 2022-23, $2,567,250 from FY 2024-25 if approved by the legislature and of, $39,600 in funds remaining from the prior biennium. Minnesota Housing issued the FHPAP Request for Proposals (RFP) on March 25, 2021, and applications were due on May 12, 2021. Twenty-five proposals were received in response to the RFP; however, five applicants were not eligible to apply as they were proposing service delivery in the metro area, and the applicant was not a county. The remaining 20 eligible applicants were prior grant administrators for the program. Six of the 20 eligible proposals were from the Twin Cities metropolitan area (encompassing all seven counties), and 14 proposals were from Greater Minnesota, including one proposal that reflects six tribal nations. The total amount requested was $30,748,993. The applications also include 54 subgrantees that will help carry out the work of the grant administrator applicant.

**Scoring Methodology:** FHPAP funds have historically been split between the metropolitan area and Greater Minnesota, with 55% of the funds allocated for the Twin Cities seven-county metropolitan area and 45% allocated to the balance of the state which reflects the proportion of poverty, unemployment and cost burdened households for each; therefore, Greater Minnesota applicants compete with each other in one pool, while metro applicants compete with each other in another pool.

The following table indicates the points allocated for various aspects of the scoring methodology:
The application score is worth 65 points, and the performance/capacity score is worth 35 points. Minnesota grants management policies require a financial evaluation of each applicant to help ensure financial stability to carry out the purpose of the grant. The evaluation involves review of any overall operating deficit, deficit in unrestricted net assets, or deficit in working capital. If there is a deficit, a more robust financial review is completed by the Agency’s credit risk officer. All applicants passed the financial review.

Funding awards are based on classifying each applicant on two dimensions: “high score” versus “low score” and “share of previous funding being above share of need” versus “share of previous funding being below share of need.”

**Higher Scoring Cohort or Lower Scoring Cohort.** Applicants are classified into two categories (High Score or Low Score) based on the initial score in the RFP process. This score includes both the application and performance/capacity scores.

Scores from applicants are ranked and ordered from highest to lowest, and half of applicants with the highest scores in the metro area will be in the higher scoring cohort, and the other half will be in the lower scoring cohort. The same process was used for Greater Minnesota applications. The scoring methodology outlines that if there is a tie with the middle scores, both applicants will be included in the higher scoring cohort. If the number of applications is odd, the middle applicant will be classified in the higher score cohort.

**Above versus Below Share of Need.** Each applicant’s share of the current statewide need for FHPAP funding is compared with its share of the funding from the previous biennium.

- An applicant’s share of the current statewide need is based on its service area’s share of Minnesotans who are (1) in poverty, (2) unemployed, and (3) severely cost burdened renters (paying 50% or more of their income for rent), with each factor equally weighted. To calculate the need on tribal nations, Wilder\(^1\) homeless data is also part of the analysis (refer below). Each applicant’s share of the previous biennium’s FHPAP award is also calculated.
• Each applicant’s share of previous funding is then classified as “above share of need” or “below share of need.”

• “Above need” applicants received a larger percentage of the last biennium’s funding than their current share of the statewide need. “Below need” applicants received a smaller percentage of the last biennium’s funding than their current share of the statewide need.

• Although the applicant may be categorized as “above need,” this does not mean that FHPAP funds alone have fulfilled the homeless need for the applicant’s service area.

The following table demonstrates likely funding scenarios for each applicant falling into specific categories:

### High Score, Low Score, Above Need, Below Need Categories and Share of Awards

<table>
<thead>
<tr>
<th>High Score, Above Need</th>
<th>High Score, Below Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>In funding years where there is no increase in FHPAP funding, the applicant may receive a decrease.</td>
<td>In funding years where there is no increase in FHPAP funding, the applicant is likely to receive at least the amount that was awarded in the prior biennium.</td>
</tr>
<tr>
<td>In funding years where there is an increase in funding, the applicant is likely to receive the amount that was awarded in the prior biennium but may also receive an increase if sufficient resources are available.</td>
<td>In funding years where there is an increase in funding, the applicant is likely to receive an increase.</td>
</tr>
<tr>
<td>A larger increase in funding may occur if the application is particularly innovative.</td>
<td>A larger increase in funding may occur if the application is particularly innovative.</td>
</tr>
<tr>
<td><strong>Low Score, Above Need</strong></td>
<td><strong>Low Score, Below Need</strong></td>
</tr>
<tr>
<td>In funding years where there is no increase in FHPAP funding, the applicant is likely to receive a decrease in funding.</td>
<td>The applicant is likely to receive neither an increase nor a decrease.</td>
</tr>
<tr>
<td>In funding years where there is an increase in funding, the applicant may receive a decrease or may maintain the amount awarded from the prior biennium. A plan to provide the applicant with technical assistance may be considered as part of the award.</td>
<td>These applicants may be a high priority for technical assistance.</td>
</tr>
<tr>
<td>Award is likely to be conditional.</td>
<td>Funding will likely decrease if overall program funding decreases.</td>
</tr>
<tr>
<td>Funding may increase only if there is a large increase in overall program funding.</td>
<td>Award is likely to be conditional.</td>
</tr>
</tbody>
</table>
For this biennium, Wilder’s\(^1\) homeless data demonstrated a substantial increase in the number of households who were homeless and living on reservations. As a result, the share of need increased substantially for tribal nations.

**Recommendations for Funding:** Applications were reviewed by state staff, including staff from the Minnesota Department of Human Services (DHS), Minnesota Housing, and nine community reviewers. FHPAP staff also evaluated each applicant’s performance under their current Grant Contract Agreement, which was worth up to an additional 35 points. Staff then applied the scoring methodology to determine final award recommendations. As a result of the review process, all 20 applicants are being recommended for funding. Funding recommendations include increases from the last biennium for high score, below need applicants and decreases for low score, above need applicants.

<table>
<thead>
<tr>
<th>Greater Minnesota Applicant</th>
<th>Counties or Tribal Nations in Applicant Service Area</th>
<th>Total Request</th>
<th>2022-23 Selection</th>
<th>% Change*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bi-County Community Action Programs, Inc.</td>
<td>Beltrami and Cass</td>
<td>$465,794</td>
<td>$352,100</td>
<td>0%</td>
</tr>
<tr>
<td>Kootasca Community Action, Inc.</td>
<td>Cook, Itasca, Koochiching, and Lake</td>
<td>$624,260</td>
<td>$396,200</td>
<td>-5%</td>
</tr>
<tr>
<td>Lakes and Pines Community Action Council, Inc</td>
<td>Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine</td>
<td>$1,307,345</td>
<td>$630,600</td>
<td>0%</td>
</tr>
<tr>
<td>Lakes and Prairies Community Action Partnership, Inc.</td>
<td>Clay and Wilkin</td>
<td>$905,241</td>
<td>$604,200</td>
<td>-5%</td>
</tr>
<tr>
<td>Lutheran Social Service of Minnesota - Brainerd</td>
<td>Todd, Crow Wing, and Morrison</td>
<td>$1,289,947</td>
<td>$822,200</td>
<td>-5%</td>
</tr>
<tr>
<td>Lutheran Social Service of Minnesota - Central</td>
<td>Benton, Sherburne, Stearns, and Wright</td>
<td>$1,184,203</td>
<td>$605,900</td>
<td>+5%</td>
</tr>
<tr>
<td>Mahube-Otwa Community Action Partnership, Inc.</td>
<td>Becker, Mahnomen, Hubbard, Otter Tail, and Wadena</td>
<td>$825,352</td>
<td>$697,100</td>
<td>0%</td>
</tr>
<tr>
<td>Minnesota Valley Action Council, Inc.</td>
<td>Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan</td>
<td>$1,249,126</td>
<td>$759,700</td>
<td>-12%</td>
</tr>
<tr>
<td>Greater Minnesota Applicant</td>
<td>Counties or Tribal Nations in Applicant Service Area</td>
<td>Total Request</td>
<td>2022-23 Selection</td>
<td>% Change*</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------------------------------</td>
<td>---------------</td>
<td>-------------------</td>
<td>----------</td>
</tr>
<tr>
<td>St. Louis County</td>
<td>St. Louis</td>
<td>$1,577,334</td>
<td>$ 880,900</td>
<td>- 5%</td>
</tr>
<tr>
<td>Three Rivers Community Action, Inc.</td>
<td>Dodge, Freeborn, Fillmore, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona</td>
<td>$1,544,963</td>
<td>$1,251,800</td>
<td>+5%</td>
</tr>
<tr>
<td>Tri-Valley Opportunity Council, Inc.</td>
<td>Polk, Marshall, Norman, Pennington, Red Lake, Clearwater, Kittson, Roseau, and Lake of the Woods</td>
<td>$557,260</td>
<td>$373,200</td>
<td>0%</td>
</tr>
<tr>
<td>United Community Action Partnership</td>
<td>Lincoln, Lyon, Jackson, Cottonwood, Redwood, Pipestone, Murray, Rock, Nobles, Kandiyohi, McLeod, Meeker, Renville, Yellow Medicine, Swift, Chippewa, Lac Qui Park, and Big Stone</td>
<td>$2,224,563</td>
<td>$919,000</td>
<td>0%</td>
</tr>
<tr>
<td>West Central Minnesota Communities Action</td>
<td>Grant, Pope, Stevens, Traverse, and Douglas</td>
<td>$353,726</td>
<td>$232,500</td>
<td>0%</td>
</tr>
<tr>
<td>White Earth Band of Ojibwe</td>
<td>Red Lake Nation, Mille Lacs Band, Leech Lake Band, White Earth Nation, Fond Du Lac Band of Lake Superior Chippewa, and Bois Forte Band</td>
<td>$1,125,643</td>
<td>$812,000</td>
<td>+37%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$15,234,757</strong></td>
<td><strong>$9,337,400</strong></td>
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</tr>
</tbody>
</table>

*The percent change is compared to the prior biennium award.*
<table>
<thead>
<tr>
<th>Metro Applicant</th>
<th>Counties or Tribal Nations in Applicant’s Service Area</th>
<th>Total Request</th>
<th>2022-23 Selection</th>
<th>% Change*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anoka County</td>
<td>Anoka County</td>
<td>$1,296,000</td>
<td>$794,100</td>
<td>0%</td>
</tr>
<tr>
<td>Carver County Health and Human Services</td>
<td>Carver, Scott counties</td>
<td>$1,179,800</td>
<td>$589,300</td>
<td>+5%</td>
</tr>
<tr>
<td>Dakota County Community Services</td>
<td>Dakota County</td>
<td>$1,800,000</td>
<td>$964,500</td>
<td>+17%</td>
</tr>
<tr>
<td>Hennepin County</td>
<td>Hennepin County</td>
<td>$6,576,841</td>
<td>$5,302,500</td>
<td>0%</td>
</tr>
<tr>
<td>Ramsey County</td>
<td>Ramsey County</td>
<td>$3,962,171</td>
<td>$3,087,500</td>
<td>-5%</td>
</tr>
<tr>
<td>Washington County</td>
<td>Washington County</td>
<td>$699,424</td>
<td>$502,300</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$15,514,236</strong></td>
<td><strong>$11,240,200</strong></td>
<td></td>
</tr>
</tbody>
</table>

*The percent change is compared to the prior biennium award.

In both Greater Minnesota and the metro area, the proportion of funding that was eligible to increase or decrease based on the scoring methodology was 5%. However, the funding reductions of 5% came from larger counties such as Ramsey and St. Louis. As a result, there was a balance of funds remaining to be reallocated. Staff recommends that the highest scoring applicants in Greater Minnesota and the metro area receive the balance. In the metro area, Dakota County was the highest scoring applicant and would receive additional resources to bring them closer to their share of need with an increase of 17%. In Greater Minnesota, White Earth Band of Ojibwe represents six tribal nations and was the highest scoring applicant. Additional funds were allocated to bring them closer to their share of need with an increase of 37%. The tribal share of need increased substantially using the formula outlined in the scoring methodology.

Minnesota Valley Action Council received a reduction of 12%, bringing their amount down to their share of need due to a lower scoring application. We are recommending the applicant receive technical assistance by staff or a contracted vendor this biennium. In the past, other agencies have benefitted greatly from this type of technical assistance.

Finally, we are recommending two communities be allowed to exceed 50% of the total budget on supportive services, which the [FHPAP Program Guide](#), Section 4.05, outlines there is a 50% cap on supportive services. Both St. Louis County and White Earth Band of Ojibwe have requested supportive service funding that is above the 50% cap. St. Louis County intends to utilize two additional staff as housing navigators, which was identified as a community need. Housing navigators will work with households waiting on the priority list through Coordinated Entry to help them find housing. White Earth Band of Ojibwe will utilize additional supportive service funding to strive toward the goal of having at least one full time staff in each of the six tribal nations. White Earth participates with six tribal nations in its application but currently only has enough funding for 2.7 staff to operate the program. While 2.7 staff may be sufficient
for administrators operating from one region, it is challenging to operate the program with six non-contiguous regions without at least one staff responsible for operating the program within each of those regions. The FHPAP Program Guide allows for a waiver of the 50% limit if requested and approved by Minnesota Housing.

Staff recommends approval of the resolution to approve selection and commitment of the FHPAP funds available under this RFP.

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1 Jackie Aman et al., 2018 Study – Minnesota Homelessness on American Indian Reservations (Wilder Research, April 2020) [https://www.wilder.org/sites/default/files/imports/2018_HomelessInMinnesota_Reservations_4-20.pdf](https://www.wilder.org/sites/default/files/imports/2018_HomelessInMinnesota_Reservations_4-20.pdf)
MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XXXX
RESOLUTION APPROVING SELECTION/COMMITMENT FOR FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP) FUNDS

WHEREAS, the Minnesota Housing Finance Agency (Agency) will execute new Grant Contract Agreements with twenty (20) grantees to provide supportive services and direct assistance across the entire state to prevent and end homelessness. The grant term will be from October 1, 2021 through September 30, 2023.

WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with the Agency’s rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into Grant Contract Agreements with each grantees’ agency administrator using state resources as set forth below, subject to changes allowable under Agency, Board policies and the legislative allocation:

1. Agency staff shall review and approve the following grantees for up to the total recommended amount for the grant period of October 1, 2021 through September 30, 2023; and

<table>
<thead>
<tr>
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<th>2022-23 Award</th>
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<td>Anoka County</td>
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<td>$ 794,100</td>
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<td>Carver, Scott counties</td>
<td>$ 589,300</td>
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<td>Ramsey County</td>
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<td>$ 3,087,500</td>
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<td>$ 919,000</td>
</tr>
<tr>
<td>Washington County</td>
<td>Washington County</td>
<td>$ 502,300</td>
</tr>
<tr>
<td>West Central Minnesota Communities Action</td>
<td>Grant, Pope, Stevens, Traverse, and Douglas</td>
<td>$ 232,500</td>
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<td>Red Lake Nation, Mille Lacs Band, Leech Lake Band, White Earth Nation, Fond Du Lac Band of Lake Superior Chippewa, and Bois Forte Band</td>
<td>$ 812,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>$20,577,600</td>
</tr>
</tbody>
</table>
2. This approval is contingent on legislative approval of Family Homeless Prevention and Assistance Program appropriations in sufficient amounts to fund the awards; and

3. The issuance of Grant Contract Agreements in form and substance acceptable to Agency staff, and the execution of Grant Contract Agreements shall occur no later than six months from the adoption date of this Resolution; and

4. The sponsors and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreements as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of July 2021

_________________________________________
CHAIRMAN
Item: Approval, Selection and Commitment, Housing Trust Fund Program Funds

Staff Contact(s):
Erin Menne, 651.296.9953, erin.menne@state.mn.us
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

Request Type:
☑ Approval  ☐ No Action Needed
☑ Motion  ☐ Discussion
☑ Resolution  ☐ Information

Summary of Request:
Staff requests adoption of the attached resolution authorizing awards totaling $26,476,800 from the Housing Trust Fund (HTF) Rental Assistance program to 43 grantees. These funds will allow Minnesota Housing to execute contracts with these grantees to provide rental assistance to populations throughout Minnesota.

Fiscal Impact:
The HTF program is funded by state appropriations and individual awards are structured as grants, which do not earn any interest for the Agency.

Meeting Agency Priorities:
☑ Improve the Housing System
☑ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☑ Support People Needing Services
☑ Strengthen Communities

Attachment(s):
Background
Resolution
Background

Program Overview: The Housing Trust Fund (HTF) Rental Assistance Program is a state-funded rental assistance program administered by Minnesota Housing under provision of the Minnesota Statute Section 462A.201 and following Minnesota Administrative Rules 4900.3760 – 4900.3769.

The Minnesota Legislature established the HTF Program in 1988 to support the development of affordable housing for low-income individuals and families. In 2001, the Minnesota Legislature made substantial changes to the HTF Program, including the expansion of its funding activities to include rental assistance and operating subsidies. Under the rental assistance activity, Minnesota Housing offers two options:

- Tenant-Based Rental Assistance (TBRA): Rental subsidies for eligible housing of the Participant’s choice within the Administrator’s Service Area. Tenant-Based Rental Assistance cannot be committed to any specific development.
- Sponsor-Based Rental Assistance (SBRA): Rental subsidies in developments that also received capital funding through Minnesota Housing.

In 2005, the HTF Program rules were modified to add a funding priority for developments and programs that serve households experiencing Long-Term Homelessness (LTH). The HTF Program’s target population shifted in 2019 to require all Participants to be High Priority Homeless (HPH) as assessed and referred through their local Continuum of Care Coordinated Entry system.

Minnesota Housing contracts with eligible entities to provide temporary rental assistance and connect services to eligible HPH households. HTF Program funds may be used to provide rent directly to a landlord, as well as security deposits, application fees and other housing-related fees necessary to obtain owner participation or to prevent repeat episodes of homelessness.

Request for Proposals: Minnesota Housing made up to $26.5 million available in grant funds through a competitive Request for Proposals (RFP) process for Tenant-Based and Sponsor-Based Rental Assistance programs for a grant term beginning October 1, 2021 and ending September 30, 2023. Included in this amount is up to a total of $500,000 as a limited-time funding opportunity for Housing Navigation services available only to applicants selected for funding of TBRA programs. Since Minnesota Housing is not currently offering new SBRA funding in any new capital funded developments, new applicants or proposed program expansion is only available under the TBRA option.

The funding supporting the requested commitments is comprised of state appropriations for fiscal years 2022-23, plus remaining HTF funds from the prior biennium. Minnesota Housing issued the HTF RFP on April 26, 2021, and applications were due on May 26, 2021. Forty-four proposals were received in response to the RFP requesting a total of $33,139,175:
Tenant Based Rental Assistance (TBRA): 27 applications requested $29,123,591, of which 15 applications also requested $998,594 in Housing Navigation Funds for a total of $30,122,185.

Sponsor Based Rental Assistance (SBRA): 17 applications requested $3,016,990.

We received three TBRA applications from new potential grant administrators. Additionally, one current administrator in both the TBRA and SBRA programs did not apply this round.

**Scoring Methodology:** Applications are scored on a 90-point scale for SBRA projects and a 100-point scale for TBRA projects.

<table>
<thead>
<tr>
<th>Category</th>
<th>TBRA Maximum Score</th>
<th>SBRA Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Program Design</td>
<td>20 points</td>
<td>20 points</td>
</tr>
<tr>
<td>Equity</td>
<td>30 points</td>
<td>30 points</td>
</tr>
<tr>
<td>Funding Request/Budget</td>
<td>20 points</td>
<td>20 points</td>
</tr>
<tr>
<td>Capacity</td>
<td>30 points</td>
<td>20 points</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>100 Points</strong></td>
<td><strong>90 Points</strong></td>
</tr>
</tbody>
</table>

Scoring for new applicants is based on application responses with additional questions related to their capacity to operate the program. Current administrators had 10 points reserved for performance and were scored by Minnesota Housing based on:

- Grant fund utilization; and,
- Households served compared to target number of households served; and,
- Timely report submission and communication with Minnesota Housing (further detailed in the Capacity section below).

The Office of Grants Management policies require a financial evaluation of each applicant to help ensure the organization/entity is financially stable. Upon completion of this review process, Red Lake Homeless Shelter was determined not to meet the standard financial evaluation criteria. Staff recommends funding them with certain conditions that will be listed in the selection letter. Minnesota Housing’s risk is mitigated as these funds are disbursed on a reimbursement basis and only after review and approval of the administrator’s documentation of expenses. As an additional risk mitigation strategy, staff will also increase monitoring activities for this administrator during the first year of the award.

Funding selections are based on classifying each applicant on two dimensions: application score and actualization of target number of households served.

**Application Score.** Applications are classified into three categories (High, Medium, or Low) based on the initial score in the RFP application process. Scores from applicants are ranked and ordered from highest to lowest and classified based on the range of scores in the competition.
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<table>
<thead>
<tr>
<th>Score Classification</th>
<th>% Increase</th>
<th>TBRA Score Range</th>
<th>SBRA Score Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>10%</td>
<td>82+</td>
<td>68+</td>
</tr>
<tr>
<td>Medium</td>
<td>6%</td>
<td>73-81</td>
<td>62-67</td>
</tr>
<tr>
<td>Low</td>
<td>3%</td>
<td>&lt;72</td>
<td>&lt;61</td>
</tr>
</tbody>
</table>

At Target versus Below Target Number of Households. Each applicant’s funding request is compared with its ability to meet the target number of households served from the current biennium as assessed on March 31, 2021.

- Applicants meeting their current target number of households served are eligible to increase their targets, if requested.
- Applicants not meeting their current target number of households served will have adjusted targets based on the average of current target and actual utilization. Increases based on score classification are applied to the adjusted target number of households served.

The following table demonstrates funding scenarios for each applicant falling into specific categories:

**High/Medium/Low Score and At or Below Target Number of Households**

<table>
<thead>
<tr>
<th>Low Score, At Target</th>
<th>Low Score, Below Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Target number of households are eligible to be increased by 3%, if requested</td>
<td></td>
</tr>
<tr>
<td>• Applicants scoring below 50 will be awarded conditional funding</td>
<td></td>
</tr>
<tr>
<td>• Adjusted target number of households are eligible to be increased by 3%, if requested</td>
<td></td>
</tr>
<tr>
<td>• Adjusted targets may result in decrease to current funding level</td>
<td></td>
</tr>
<tr>
<td>• Applicants scoring below 50 will be awarded conditional funding</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medium Score, At Target</th>
<th>Medium Score, Below Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Target number of households are eligible to be increased by 6%, if requested</td>
<td></td>
</tr>
<tr>
<td>• Adjusted target number of households are eligible to be increased by 6%, if requested</td>
<td></td>
</tr>
<tr>
<td>• Adjusted targets may result in decrease to current funding level</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High Score, At Target</th>
<th>High Score, Below Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Target number of households are eligible to be increased by 10%, if requested</td>
<td></td>
</tr>
<tr>
<td>• Adjusted target number of households are eligible to be increased by 10%, if requested</td>
<td></td>
</tr>
<tr>
<td>• Adjusted targets may result in decrease to current funding level</td>
<td></td>
</tr>
</tbody>
</table>
The score classifications and corresponding percentages are consistent across both TBRA and SBRA. The adjustment to the target is in effort to right-size the projected target number of households and account for current over-projection/underutilization. Realistic targets for number of households are critical in the funding projection, as average subsidy amounts, and administrative fees are multiplied by the number of households served per month.

**Housing Navigation Funds**

Up to $500,000 of Housing Navigation funds were made available to TBRA applicants as a limited-time opportunity to enhance utilization with emphasis on dedicated staff to provide the extra support participants may need to secure housing. Fifteen applications included a request for $998,594 in Housing Navigation funds. The Housing Navigation funds were a separate set-aside; therefore, applicants were scored on a separate 40-point scale based on their response to the specific Housing Navigation questions.

**Application Score.** Similar to the TBRA/SBRA scoring, applications for Housing Navigation resources are two dimensional: application score (High, Medium, Low) and actualization of target number of households served. The classification of the two scoring dimensions have a corresponding percent which is applied to their proposed HTF TBRA award to calculate the proposed Housing Navigation award. A $10,000 award minimum was applied to help ensure the ability to execute Housing Navigation activities throughout the grant term.

<table>
<thead>
<tr>
<th>Score Classification</th>
<th>% of Award</th>
<th>Navigation Score Range (40 Total Possible Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Up to 3%</td>
<td>34+</td>
</tr>
<tr>
<td>Medium</td>
<td>Up to 2%</td>
<td>31-34</td>
</tr>
<tr>
<td>Low</td>
<td>Not funded</td>
<td>&lt;31</td>
</tr>
</tbody>
</table>

**Target Number of Households Classification.** Each applicant’s request is compared with its ability to meet the target number of households served from the current biennium.

- Significantly below the target number of households served would demonstrate a higher need for Housing Navigation resources
- At or near target number of households served would not receive additional funds beyond what was earned from the application score.

<table>
<thead>
<tr>
<th>Target Classification</th>
<th>% of Award</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly Below</td>
<td>Up to 2%</td>
<td>Below 79%</td>
</tr>
<tr>
<td>Below</td>
<td>Up to 1%</td>
<td>80-89%</td>
</tr>
<tr>
<td>At or Near</td>
<td>No increase</td>
<td>90%+</td>
</tr>
</tbody>
</table>

**Recommendations for Funding:** Applications were reviewed by a team comprised of 22 state agency staff and 11 community reviewers. Staff applied the scoring methodology to determine final
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award recommendations. As a result, 43 applicants are being recommended for HTF TBRA and SBRA funding. Ten of the 15 Housing Navigation applications are being recommended for funding.

Tenant-based Rental Assistance Funding Recommendations

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Request</th>
<th>Recommendation</th>
<th>Housing Navigation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target HH</td>
<td>$</td>
<td>Target HH</td>
</tr>
<tr>
<td>Amherst H. Wilder Foundation</td>
<td>7</td>
<td>$227,136</td>
<td>7</td>
</tr>
<tr>
<td>Avivo</td>
<td>71</td>
<td>$722,400</td>
<td>40</td>
</tr>
<tr>
<td>Carver County Community Development Agency</td>
<td>16</td>
<td>$288,516</td>
<td>15</td>
</tr>
<tr>
<td>Catholic Charities of the Archdiocese of Saint Paul and Minneapolis</td>
<td>80</td>
<td>$3,459,818</td>
<td>71</td>
</tr>
<tr>
<td>Clare Housing</td>
<td>18</td>
<td>$439,944</td>
<td>18</td>
</tr>
<tr>
<td>Dakota County Community Development Agency</td>
<td>51</td>
<td>$1,124,214</td>
<td>51</td>
</tr>
<tr>
<td>Hearth Connection</td>
<td>173</td>
<td>$3,900,484</td>
<td>173</td>
</tr>
<tr>
<td>Lutheran Social Service of Minnesota</td>
<td>70</td>
<td>$1,610,134</td>
<td>64</td>
</tr>
<tr>
<td>Mental Health Resources, Inc.</td>
<td>72</td>
<td>$1,394,156</td>
<td>71</td>
</tr>
<tr>
<td>Metropolitan Council Housing and Redevelopment Authority</td>
<td>35</td>
<td>$1,015,560</td>
<td>35</td>
</tr>
<tr>
<td>Neighborhood House</td>
<td>12</td>
<td>$385,328</td>
<td>12</td>
</tr>
<tr>
<td>Project for Pride in Living, Inc.</td>
<td>20</td>
<td>$571,200</td>
<td>20</td>
</tr>
<tr>
<td>South Metro Human Services dba RADIUS Health</td>
<td>69</td>
<td>$1,156,272</td>
<td>66</td>
</tr>
<tr>
<td>Scott County Community Development Agency</td>
<td>4</td>
<td>$73,784</td>
<td>3</td>
</tr>
<tr>
<td>Simpson Housing Services, Inc.</td>
<td>33</td>
<td>$589,744</td>
<td>31</td>
</tr>
<tr>
<td>St. Stephen’s Human Services, Inc.</td>
<td>135</td>
<td>$3,548,880</td>
<td>126</td>
</tr>
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</table>
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**Metro**

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Request</th>
<th>Recommendation</th>
<th>Housing Navigation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target HH</td>
<td>$</td>
<td>Target HH</td>
</tr>
<tr>
<td>TOTAL METRO</td>
<td>866</td>
<td>$20,507,570</td>
<td>803</td>
</tr>
</tbody>
</table>

*HH: Target number of households

**Greater Minnesota**

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Request</th>
<th>Recommendation</th>
<th>Housing Navigation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target HH</td>
<td>$</td>
<td>Target HH</td>
</tr>
<tr>
<td>Bi-County Community Action Programs, Inc.</td>
<td>95</td>
<td>$1,404,480</td>
<td>92</td>
</tr>
<tr>
<td>Hearth Connection</td>
<td>141</td>
<td>$2,562,478</td>
<td>141</td>
</tr>
<tr>
<td>Housing and Redevelopment Authority of Bemidji</td>
<td>10</td>
<td>$138,560</td>
<td>7</td>
</tr>
<tr>
<td>Housing and Redevelopment Authority of Clay County</td>
<td>75</td>
<td>$1,381,800</td>
<td>62</td>
</tr>
<tr>
<td>Itasca County Housing and Redevelopment Authority</td>
<td>6</td>
<td>$80,592</td>
<td>6</td>
</tr>
<tr>
<td>MAHUBE-OTWA Community Action Partnership, Inc.</td>
<td>52</td>
<td>$721,451</td>
<td>46</td>
</tr>
<tr>
<td>Olmsted County Housing and Redevelopment Authority</td>
<td>30</td>
<td>$593,250</td>
<td>17</td>
</tr>
<tr>
<td>Red Lake Homeless Shelter, Inc.</td>
<td>15</td>
<td>$947,399</td>
<td>9</td>
</tr>
<tr>
<td>South Central Minnesota Multi-County Housing and Redevelopment Authority</td>
<td>25</td>
<td>$405,600</td>
<td>24</td>
</tr>
<tr>
<td>Southwest Minnesota Housing Partnership</td>
<td>10</td>
<td>$130,411</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL GREATER MINNESOTA</td>
<td>459</td>
<td>$8,366,021</td>
<td>411</td>
</tr>
</tbody>
</table>

**TOTAL HTF TBRA FUNDING RECOMMENDATIONS**

| 1325 | $28,873,591 | 1214 | $23,974,300 | $998,594 | $316,000 |
**Sponsor-based Rental Assistance Funding Recommendations**

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Development</th>
<th>Target HH</th>
<th>SBRA Rental Assistance Request</th>
<th>Recommend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amherst H. Wilder Foundation</td>
<td>Minnesota Place</td>
<td>10</td>
<td>$254,400</td>
<td>$75,100</td>
</tr>
<tr>
<td>Beacon Interfaith Housing Collaborative</td>
<td>Audubon Crossing</td>
<td>4</td>
<td>$59,040</td>
<td>$38,900</td>
</tr>
<tr>
<td>Churches United in Ministry</td>
<td>Fire House Flats</td>
<td>4</td>
<td>$68,160</td>
<td>$9,100</td>
</tr>
<tr>
<td>Commonbond Communities</td>
<td>Vicksburg Commons</td>
<td>4</td>
<td>$47,520</td>
<td>$26,400</td>
</tr>
<tr>
<td>D.W. Jones Management, Inc.</td>
<td>River Rock Townhomes</td>
<td>6</td>
<td>$69,840</td>
<td>$69,800</td>
</tr>
<tr>
<td>Family Promise Rochester</td>
<td>Cascade Creek</td>
<td>4</td>
<td>$70,272</td>
<td>$15,400</td>
</tr>
<tr>
<td>Indigenous Peoples Task Force</td>
<td>Maynadowahdak Odena</td>
<td>10</td>
<td>$317,250</td>
<td>$259,000</td>
</tr>
<tr>
<td>Jeremiah Program</td>
<td>The Jeremiah</td>
<td>4</td>
<td>$98,352</td>
<td>$75,600</td>
</tr>
<tr>
<td>Lutheran Social Service of Minnesota</td>
<td>Cedarview Commons/</td>
<td>20</td>
<td>$418,989</td>
<td>$381,000</td>
</tr>
<tr>
<td>New Pathways, Inc.</td>
<td>Riverview Commons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project for Pride in Living, Inc.</td>
<td>Camden Apartments</td>
<td>10</td>
<td>$338,400</td>
<td>$262,000</td>
</tr>
<tr>
<td>Project for Pride in Living, Inc.</td>
<td>PPL Scattered Site RA</td>
<td>16</td>
<td>$491,520</td>
<td>$398,000</td>
</tr>
<tr>
<td>South Metro Human Services dba RADIUS Health</td>
<td>Crane Ordway</td>
<td>14</td>
<td>$183,839</td>
<td>$165,000</td>
</tr>
<tr>
<td>The Salvation Army</td>
<td>The Depot at Elk River</td>
<td>4</td>
<td>$78,800</td>
<td>$20,100</td>
</tr>
<tr>
<td>The Salvation Army</td>
<td>The Crossing at Big Lake Station</td>
<td>4</td>
<td>$60,000</td>
<td>$17,700</td>
</tr>
<tr>
<td>Vail Place</td>
<td>Vail Place - Louisiana Court</td>
<td>18</td>
<td>$282,960</td>
<td>$269,000</td>
</tr>
<tr>
<td>Young Women’s Christian Association of St. Paul</td>
<td>Oxford</td>
<td>2</td>
<td>$49,056</td>
<td>$47,900</td>
</tr>
</tbody>
</table>

**TOTAL SBRA FUNDING RECOMMENDATIONS** | 140 | $3,016,990 | $2,186,500

*HH: Target number of households

The proposed target number of households to be served is a decrease from the 2020-21 target projections; however, the proposed target number of households to be served is a more accurate projection of households to be served.
Of the 44 total applications received, 43 are recommended for selection.

- One application, from a new applicant, is not being recommended for selection, as it did not demonstrate capacity to administer the program and scored below 50 points. Staff will offer feedback on the application and technical assistance so that the applicant may apply and potentially be more competitive in a future RFP.

- There were two other new TBRA applicants; these two are being recommended for funding, as they have demonstrated experience in running a similar program and scored competitively.

- Two SBRA applicants, CommonBond Communities and D.W. Jones Management Inc., scored below 50 points. Both are current administrators and have demonstrated capacity in administering the program. For those reasons, they are recommended for selection at a flat funding amount, rather than their requested amounts, and will have conditions listed in their selection letter which they must address and comply with.

- There were two current administrators who did not apply under this RFP. Minnesota Housing staff will work closely with the two administrators to help transition households off the program or to other grant administrators.

Staff recommends approval of the resolution to approve selection and commitment of $26,476,800 in HTF funds available under this RFP.
RESOLUTION NO. MHFA 21-XXXX

RESOLUTION APPROVING SELECTION/COMMITMENTS OF HOUSING TRUST FUND (HTF) RENTAL ASSISTANCE PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) will execute new Grant Contract Agreements with forty-three (43) grantees to provide rental assistance across the state to end homelessness for families and individuals who are high priority homeless; and

WHEREAS, Agency staff have reviewed the applications and determined that they are in compliance with Agency’s rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into Grant Contract Agreements using state resources outlined in this resolution, subject to changes allowable under Agency, Board policies and legislative allocation:

1. Agency staff shall review and approve the following recommended Grantees for up to the total recommended amount for the grant period of October 1, 2021 through September 30, 2023; and

<table>
<thead>
<tr>
<th>D#</th>
<th>Applicant</th>
<th>2022-2023 Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>D5960</td>
<td>Amherst H. Wilder Foundation</td>
<td>$183,000</td>
</tr>
<tr>
<td>D3859*</td>
<td>Amherst H. Wilder Foundation</td>
<td>$75,100</td>
</tr>
<tr>
<td>D8460</td>
<td>Avivo</td>
<td>$722,000</td>
</tr>
<tr>
<td>D5895*</td>
<td>Beacon Interfaith Housing Collaborative</td>
<td>$38,900</td>
</tr>
<tr>
<td>D2211</td>
<td>Bi-County Community Action Programs, Inc.</td>
<td>$1,323,500</td>
</tr>
<tr>
<td>D1971</td>
<td>Carver County Community Development Agency</td>
<td>$250,000</td>
</tr>
<tr>
<td>D4041</td>
<td>Catholic Charities of the Archdiocese of Saint Paul and Minneapolis</td>
<td>$1,320,000</td>
</tr>
<tr>
<td>D6699*</td>
<td>Churches United in Ministry</td>
<td>$9,100</td>
</tr>
<tr>
<td>D5883</td>
<td>Clare Housing</td>
<td>$438,700</td>
</tr>
<tr>
<td>D3874*</td>
<td>CommonBond Communities</td>
<td>$26,400</td>
</tr>
<tr>
<td>D3541</td>
<td>Dakota County Community Development Agency</td>
<td>$1,149,000</td>
</tr>
<tr>
<td>D5208*</td>
<td>D.W. Jones Management, Inc.</td>
<td>$69,800</td>
</tr>
<tr>
<td>D#</td>
<td>Applicant</td>
<td>2022-2023 Award</td>
</tr>
<tr>
<td>-------</td>
<td>------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>D6353*</td>
<td>Family Promise Rochester</td>
<td>$15,400</td>
</tr>
<tr>
<td>D5478</td>
<td>Hearth Connection</td>
<td>$2,513,000</td>
</tr>
<tr>
<td>D5479</td>
<td>Hearth Connection</td>
<td>$3,888,000</td>
</tr>
<tr>
<td>D4616</td>
<td>Housing and Redevelopment Authority of Bemidji</td>
<td>$92,300</td>
</tr>
<tr>
<td>D5967</td>
<td>Housing and Redevelopment Authority of Clay County</td>
<td>$1,197,400</td>
</tr>
<tr>
<td>D2151*</td>
<td>Indigenous Peoples Task Force</td>
<td>$259,000</td>
</tr>
<tr>
<td>D7683</td>
<td>Itasca County Housing and Redevelopment Authority</td>
<td>$78,300</td>
</tr>
<tr>
<td>D7403*</td>
<td>Jeremiah Program</td>
<td>$75,600</td>
</tr>
<tr>
<td>D3910</td>
<td>Lutheran Social Service of Minnesota</td>
<td>$1,480,100</td>
</tr>
<tr>
<td>D3589*</td>
<td>Lutheran Social Service of Minnesota</td>
<td>$381,000</td>
</tr>
<tr>
<td>D2022</td>
<td>MAHUBE-OTWA Community Action Partnership, Inc.</td>
<td>$709,200</td>
</tr>
<tr>
<td>D6280</td>
<td>Mental Health Resources, Inc.</td>
<td>$1,356,000</td>
</tr>
<tr>
<td>D3537</td>
<td>Metropolitan Council Housing and Redevelopment Authority</td>
<td>$609,000</td>
</tr>
<tr>
<td>D3865</td>
<td>Neighborhood House</td>
<td>$339,000</td>
</tr>
<tr>
<td>D6253*</td>
<td>New Pathways, Inc.</td>
<td>$56,500</td>
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<tr>
<td>D3533</td>
<td>Olmsted County Housing and Redevelopment Authority</td>
<td>$251,000</td>
</tr>
<tr>
<td>D8459</td>
<td>Project for Pride in Living, Inc.</td>
<td>$571,000</td>
</tr>
<tr>
<td>D3903*</td>
<td>Project for Pride in Living, Inc.</td>
<td>$262,000</td>
</tr>
<tr>
<td>D6194*</td>
<td>Project for Pride in Living, Inc.</td>
<td>$398,000</td>
</tr>
<tr>
<td>D2217</td>
<td>South Metro Human Services dba RADIUS Health</td>
<td>$1,156,000</td>
</tr>
<tr>
<td>D3813*</td>
<td>South Metro Human Services dba RADIUS Health</td>
<td>$165,000</td>
</tr>
<tr>
<td>D6232</td>
<td>Red Lake Homeless Shelter, Inc.</td>
<td>$171,000</td>
</tr>
<tr>
<td>D3534</td>
<td>Scott County Community Development Agency</td>
<td>$57,400</td>
</tr>
<tr>
<td>D1937</td>
<td>Simpson Housing Services, Inc.</td>
<td>$588,100</td>
</tr>
<tr>
<td>D3558</td>
<td>South Central Minnesota Multi-County Housing and Redevelopment Authority</td>
<td>$271,000</td>
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<tr>
<td>D5899</td>
<td>Southwest Minnesota Housing Partnership</td>
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<td>D3747</td>
<td>St. Stephen's Human Services, Inc.</td>
<td>$3,483,000</td>
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<tr>
<td>D6339*</td>
<td>The Salvation Army</td>
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<tr>
<td>D5900*</td>
<td>The Salvation Army</td>
<td>$17,700</td>
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<tr>
<td>D1838*</td>
<td>Vail Place</td>
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<tr>
<td>D3875*</td>
<td>Young Women's Christian Association of St. Paul</td>
<td>$47,900</td>
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</table>

**TOTAL** $26,476,800

*Sponsor-based Rental Assistance projects*
2. The issuance of Grant Contract Agreements in form and substance acceptable to Agency staff and the execution of Grant Contract Agreements shall occur no later than six months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall provide such information and execute all such documents relating to said grant, as the Agency, in its sole discretion, deems necessary.

Adopted this 22\textsuperscript{nd} day of July 2021

______________________________
CHAIRMAN
Item: Adoption, Resolution Authorizing the Issuance and Sale of Additional Series of State Appropriation Bonds (Housing Infrastructure)

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:
☒ Approval ☐ No Action Needed
☐ Motion ☐ Discussion
☒ Resolution ☐ Information

Summary of Request:
Agency staff is preparing to issue additional State Appropriation Bonds (Housing Infrastructure), the proceeds of which will be used to finance loans for eligible housing infrastructure projects. The attached resolution outlines the parameters under which the Agency can proceed to issue additional Series of Housing Infrastructure Bonds under legislative authority granted for Housing Infrastructure Bonds during the October 2020 legislative special session. The resolution also specifies the additional projects that may be financed by Housing Infrastructure Bonds. The Agency currently anticipates issuing approximately $90 million of Housing Infrastructure Bonds in mid-September of 2021, which would utilize much of the existing legislative authority granted for Housing Infrastructure Bonds up to and through the October 2020 legislative special session. Utilization of the legislative authority for the issuance of Housing Infrastructure Bonds provided in the 2021 legislative session will be subject to a subsequent authorizing bond resolution. The attached Preliminary Official Statement describes the contemplated upcoming issuance of Housing Infrastructure Bonds.

Fiscal Impact:
As with all Housing Infrastructure Bonds, the debt service on these State Appropriation Bonds will be paid from an annual appropriation to the Agency’s trustee from the State of Minnesota so there is no direct financial impact to the Agency from this bond issuance. The Agency will earn an origination fee at the closing of each loan financed from the proceeds of the Housing Infrastructure Bonds.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
• Preliminary Official Statement
• Authorizing Resolution
NEW ISSUE

RATINGS: Moody’s: “ ”
S&P: “ ”
(See “Ratings” herein.)

This Official Statement has been prepared by the Minnesota Housing Finance Agency (the “Agency”) to provide information about the Series Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, terms used with initial capital letters on this cover page have the meanings given in this Official Statement.

$90,000,000*
Minnesota Housing Finance Agency

$____,000* State Appropriation Bonds (Housing Infrastructure), 2021 Series A (Non-AMT)
$____,000* State Appropriation Bonds (Housing Infrastructure), 2021 Series B (Non-AMT)
$____,000* State Appropriation Bonds (Housing Infrastructure), 2021 Series C (Non-AMT)
$____,000* State Appropriation Bonds (Housing Infrastructure), 2021 Series D (Non-AMT)

Dated Date: Date of Delivery

Due: As shown on inside front cover

Tax Exemption Interest on the Series Bonds is not includable in gross income for federal income tax purposes or taxable net income of individuals, estates and trusts for Minnesota income tax purposes, provided interest on any 2021 Series D Bond is not excluded from gross income for federal income tax purposes of any holder of those Series Bonds who is a “substantial user” of a facility financed with the proceeds of those Series Bonds or a “related person” within the meaning of Section 147(a) of the Code. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see “Tax Exemption and Related Considerations.”)

Redemption The Agency may redeem all or a portion of the Series Bonds by optional redemption as described under “The Series Bonds.”


Interest Payment Dates February 1 and August 1, commencing February 1, 2022, and, for any Series Bonds to be redeemed, the redemption date.

Denominations $5,000 or any multiple thereof.

Closing/Settlement September __, 2021* through the facilities of DTC in New York, New York.

Bond Counsel Kutak Rock LLP.

Underwriters’ Counsel Cozen O'Connor.

Trustee Wells Fargo Bank, National Association, in Minneapolis, Minnesota.

Book-Entry-Only System The Depository Trust Company. See Appendix B hereto.

The Series Bonds are offered, when, and as if issued, subject to withdrawal or modification of the offer without notice and to the opinion of Kutak Rock LLP, Bond Counsel, as to the validity of, and tax exemption of interest on, the Series Bonds.

RBC Capital Markets
J.P. Morgan
Piper Sandler & Co.
Wells Fargo Securities

The date of this Official Statement is __, 2021.

*Preliminary; subject to change.
<table>
<thead>
<tr>
<th>MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS*</th>
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<table>
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<tr>
<th>2021 Series A Bonds (Non-AMT)</th>
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<td>Due (August 1)*</td>
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<table>
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<th>2021 Series B Bonds (Non-AMT)</th>
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<td>Due (August 1)*</td>
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<table>
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<tr>
<th>2021 Series C Bonds (Non-AMT)</th>
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<tbody>
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<td>Due (August 1)*</td>
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</table>

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*Preliminary, subject to change.

**CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.
## MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

### 2021 Series D Bonds (Non-AMT)

<table>
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<tr>
<th>Due (August 1)*</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Price</th>
<th>Yield</th>
<th>CUSIP**</th>
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</table>

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Preliminary, subject to change.

**CUSIP® numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the Series Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association."
None of the Minnesota Housing Finance Agency, the State of Minnesota or the Underwriters has authorized any dealer, broker, salesman or other person to give any information or representations, other than those contained in this Official Statement. Prospective investors must not rely on any other information or representations as being an offer to buy. No person may offer or sell Series Bonds in any jurisdiction in which it is unlawful for that person to make that offer, solicitation or sale. The information and expressions of opinion in this Official Statement may change without notice. Neither the delivery of the Official Statement nor any sale of the Series Bonds will, under any circumstances, imply that there has been no change in the affairs of the Agency since the date of this Official Statement.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Agency, the State and the Series Bonds could cause actual results to differ materially from those contemplated in the forward-looking statements.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series Bonds at a level above that which might otherwise prevail in the open market. This stabilizing, if commenced, may be discontinued.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
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PRELIMINARY OFFICIAL STATEMENT OF THE STATE OF MINNESOTA DATED AUGUST__, 2021
OFFICIAL STATEMENT
relating to
$90,000,000*
MINNESOTA HOUSING FINANCE AGENCY
STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE)
2021 SERIES A, 2021 SERIES B, 2021 SERIES C AND 2021 SERIES D

This Official Statement (which includes the cover page, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the “Agency”), created by Minnesota Statutes, Chapter 462A, as amended (the “Act”), the State of Minnesota (the “State”), and the State Appropriation Bonds (Housing Infrastructure), 2021 Series A (the “Series 2021A Bonds”), State Appropriation Bonds (Housing Infrastructure), 2021 Series B (the “Series 2021B Bonds,” and collectively with the Series 2021A Bonds, the “Series 2021AB Bonds”), State Appropriation Bonds (Housing Infrastructure), 2021 Series C (the “Series 2021C Bonds,” and collectively with the Series 2021AB Bonds, the “Series 2021ABC Bonds”), and State Appropriation Bonds (Housing Infrastructure), 2021 Series D (the “Series 2021D Bonds;” and collectively with the Series 2021C Bonds, the “Series 2021CD Bonds;” the Series 2021A Bonds, the Series 2021B Bonds, the Series 2021C Bonds and the Series 2021D Bonds are collectively referred to herein as the “Series Bonds”), in connection with the offering and sale of the Series Bonds by the Agency and for the information of all who may become initial Owners of the Series Bonds.

The Agency is issuing the Series Bonds pursuant to the Act, an Indenture of Trust, dated as of August 1, 2013, as supplemented by a Tenth Supplemental Indenture of Trust, to be dated as of September 1, 2021 (as so supplemented, and as amended and supplemented from time to time in accordance with its terms, the “Indenture”), each between the Agency and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The Agency has issued 23 series of its State Appropriation Bonds (Housing Infrastructure), 2013 Series A and 2013 Series B (the “Series 2013 Bonds”), its State Appropriation Bonds (Housing Infrastructure), 2014 Series A and 2014 Series B (the “Series 2014 Bonds”), its State Appropriation Bonds (Housing Infrastructure), 2015 Series A, 2015 Series B and 2015 Series C (the “Series 2015 Bonds”), its State Appropriation Bonds (Housing Infrastructure), 2016 Series A and 2016 Series B (the “Series 2016AB Bonds”) and 2016 Series C (the “Series 2016C Bonds”), its State Appropriation Bonds (Housing Infrastructure), 2017 Series A (the “Series 2017A Bonds”), its State Appropriation Bonds (Housing Infrastructure), 2018 Series A (the “Series 2018A Bonds”), 2018 Series B (the “Series 2018B Bonds”), 2018 Series C and 2018 Series D (the “Series 2018CD Bonds”), 2019 Series A and 2019 Series B (the “Series 2019AB Bonds”), and 2019 Series C and 2019 Series D (the “Series 2019CD Bonds”), 2020 Series A, 2020 Series B and 2020 Series C (the “Series 2020ABC Bonds”) and 2020 Series D (the “Series 2020D Bonds;” and collectively with the Series 2013 Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2016AB Bonds, the Series 2016C Bonds, the Series 2017A Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2018CD Bonds, the Series 2019AB Bonds, the Series 2019CD Bonds, the Series 2020ABC Bonds and the Series 2020D Bonds, the “Prior Series Bonds”) under the Indenture in the original aggregate principal amount of $290,330,000, of which $252,010,000 are outstanding. The Series Bonds, the Prior Series Bonds and any additional bonds (the “Additional Bonds”) issued pursuant to the Indenture are equally and ratably secured thereunder and are herein called the “Bonds.”

The Indenture includes definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix A. The summaries and references in this Official Statement to the Act and the Indenture and other documents are only outlines of certain provisions and do not purport to summarize or describe all the provisions thereof. All references in this Official Statement to the Act and the Indenture are qualified in their entirety by reference to the Act and Indenture, copies of which are available from the Agency, and all references to the Series Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Indenture.

* Preliminary; subject to change.
INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the State, established in 1971 pursuant to the Act. Section 462A.37 of the Act authorizes the Agency to issue its bonds to fund loans, or grants with respect to manufactured home parks (“Housing Infrastructure Loans”), to pay for all or a portion of the costs of the construction, acquisition and rehabilitation of supportive housing for individuals and families who are without a permanent residence with a preference to be given for developments serving certain individuals and families; all or a portion of the costs of the acquisition and rehabilitation of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low and moderate income homebuyers; the costs of acquisition, improvement and infrastructure of manufactured home parks; all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; all or a portion of the costs of the acquisition and rehabilitation or refinancing of federally assisted rental housing, including refunding outstanding bonds issued by the Agency or another governmental unit; acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing; and all or a portion of the costs of the construction, acquisition, and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking.

The global outbreak of the coronavirus COVID-19 (“COVID-19”) and measures taken by federal, state and local governments in response thereto are impacting individuals and businesses in a manner that to an unknown extent will have negative effects on economic activity across the country and the State. For descriptions of certain of these measures, their impacts on the Agency and the Agency’s responses, see “The Agency—COVID-19 Economic Disruption” herein. For descriptions of certain measures taken by the State, their impacts on the State and the State’s responses, see “COVID-19 Pandemic and Executive Peacetime Emergency Orders – COVID-19 Impact” in Appendix B to the Preliminary Official Statement of the State of Minnesota dated August__, 2021 (the “August__, 2021 State Preliminary Official Statement”) with respect to its $_____,000 General Obligation State Bonds, which is attached hereto as Appendix E.

The Agency is issuing the Series Bonds to provide money to fund Housing Infrastructure Loans and to pay costs of issuance of the Series Bonds. (See “Estimated Sources and Uses of Funds.”) For a description of the developments expected to be financed with proceeds of the Series Bonds, see “The Developments” herein. The Series Bonds are secured, on parity with the Prior Series Bonds and Additional Bonds, if any, hereafter issued under the Indenture, by a pledge made by the Agency under the Indenture of all amounts appropriated to the Agency by the State pursuant to Section 462A.37 of the Act (the “Housing Infrastructure State Appropriations”). Section 462A.37 of the Act provides that amounts necessary to pay principal of and premium, if any, and interest on housing infrastructure bonds issued pursuant to Section 462A.37 of the Act, and the fees, charges and expenses related thereto, are appropriated annually from the State general fund (the “General Fund”) to the Commissioner of Management and Budget for transfer to the Agency. The amount appropriated with respect to the Series 2013 Bonds and the Series 2014 Bonds, collectively, will not exceed $2,200,000 annually for transfer to the Agency through July 15, 2035. The amount appropriated with respect to Series 2015 Bonds, the Series 2016AB Bonds, the Series 2017A Bonds and the Series 2018A Bonds, collectively, will not exceed $6,400,000 annually for transfer to the Agency through July 15, 2037. The amount appropriated with respect to the Series 2016C Bonds and the Series 2018B Bonds, collectively, will not exceed $800,000 annually for transfer to the Agency through July 15, 2038. The amount appropriated with respect to the Series 2018CD Bonds and the Series 2019AB Bonds, collectively, will not exceed $2,800,000 annually for transfer to the Agency through July 15, 2040. The amount appropriated with respect to the Series 2019CD Bonds, the Series 2020ABC Bonds and the Series 2021A Bonds, collectively, in an aggregate principal amount up to $80,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Bonds for transfer to the Agency annually beginning July 15, 2020 through July 15, 2041. The amount appropriated with respect to the Series 2020D Bonds and the 2021B Bonds, collectively, in an aggregate principal amount up to $60,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Additional Bonds for transfer to the Agency annually beginning July 15, 2022 through July 15, 2043. The amount appropriated with respect to the Series 2021CD Bonds and Additional Bonds, collectively, in an aggregate principal amount up to $100,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest, and the fees, charges, and expenses related to, those Additional Bonds for transfer to the Agency...
annually beginning July 15, 2022 through July 15, 2043. Upon the issuance of the Series Bonds, there will be $____,000* of authorized but unissued debt supported by the Housing Infrastructure State Appropriations ($3,910,000 of previously authorized but unissued debt having been either canceled or not supported by the remaining portion of the appropriation limit).

The Series Bonds are special, limited obligations of the Agency. The Series Bonds are not general obligations of the Agency and the Agency has not pledged its general funds to the payment of the Series Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Series Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of the Housing Infrastructure State Appropriations. In no event will the Agency pay principal of, premium, if any, or interest on the Series Bonds from the general revenues or assets of the Agency. The Act provides that the Bonds are not public debt of the State. The State has not pledged its full faith and credit and taxing powers to payment of the Series Bonds or to payment of the Housing Infrastructure State Appropriations. Pursuant to Minnesota law, the Minnesota Legislature (the “Legislature”) may reduce or repeal the Housing Infrastructure State Appropriations in their entirety. The Housing Infrastructure State Appropriations are also subject to unallotment under Minnesota Statutes, Section 16A.152. See “Nature of Obligation and Source of Payment” and “Appendix A – Summary of Certain Provisions of the Indenture.”

THE AGENCY

Purpose

The Agency was created in 1971 by the Act as a public body corporate and politic, constituting an agency of the State of Minnesota, in response to legislative findings that there existed in Minnesota a serious shortage of decent, safe, and sanitary housing at prices or rentals within the means of persons and families of low and moderate income, and that the then present patterns of providing housing in the State limited the ability of the private building industry and the investment industry to produce that housing without assistance and resulted in a failure to provide sufficient long term mortgage financing for that housing.

Structure

Under the Act, the membership of the Agency consists of the State Auditor and six public members appointed by the Governor with the advice and consent of the Senate for terms of four years. Pursuant to the Act, each member continues to serve until a successor has been appointed and qualified. The Chairman of the Agency is designated by the Governor from among the appointed public members. Pursuant to state law, the State Auditor may delegate duties and has delegated her duties as a member of the Agency in the event that the Auditor is unable to attend a meeting of the Agency.

The present members of the Agency, who serve without compensation (except for per diem allowance and expenses for members not otherwise compensated as public officers), are listed below.

_John DeCramer_, Chair — Term expires January 2024, Marshall, Minnesota – Magnetics Engineer

_The Honorable Julie Blaha — Ex officio_, St. Paul, Minnesota – State Auditor

_Melanie Benjamin_, Member — Term expires January 2025, Onamia, Minnesota – Consultant

_Craig Klausing_, Member — Term expires January 2023, Roseville, Minnesota – Attorney

_Stephanie Klinzing_, Member — Term expires January 2023, Elk River, Minnesota – Writer and Publisher

_Stephen Spears_, Member — Term expires January 2022, Plymouth, Minnesota – Banker

_Terri Thao_, Vice Chair — Term expires January 2024, St. Paul, Minnesota – Program Director

* Preliminary; subject to change.
Staff

The staff of the Agency presently consists of approximately 265 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

The Commissioner is appointed by the Governor. The Act authorizes the Commissioner of the Agency to appoint permanent and temporary employees as the Commissioner deems necessary subject to the approval of the Commissioner of Management and Budget.

The principal officers and staff related to the programs associated with the developments to be funded with Housing Infrastructure Loans are as follows:

Jennifer Ho — Commissioner-Designee, appointed effective January 2019. When Governor Tim Walz took office on January 7, 2019, Ms. Ho was appointed Commissioner and has all of the powers and will perform all of the duties of the office. The appointment of Ms. Ho as Commissioner may be confirmed or rejected by the advice and consent of the state of Minnesota Senate. Prior to her appointment, Ms. Ho was the Senior Policy Advisor for Housing and Services at the U.S. Department of Housing and Urban Development during the Obama Administration. Prior to that, she served as deputy director at the United States Interagency Council on Homelessness (USICH), shepherding the creation of Opening Doors, the nation’s first-ever comprehensive federal plan to prevent and end homelessness. Ms. Ho worked with former First Lady Michelle Obama to launch the Mayors Challenge to End Veteran Homelessness that resulted in reducing the number of veterans experiencing homelessness on any night by nearly half. In 1999, as Executive Director of Hearth Connection, a Minnesota non-profit, she began her work to end homelessness by managing a nationally-recognized demonstration project on supportive housing and long-term homeownership for single adults, youth and families in Ramsey and Blue Earth counties. Ms. Ho oversaw the replication of that project in 34 additional counties in partnership with the Fond du Lac, Bois Fort and Grand Portage Tribal Bands. She has served on the Boards of Directors for West Side Community Health Services in St. Paul, and nationally for the Corporation for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

Rachel Robinson — Deputy Commissioner, appointed March 2019. Prior to this position, Ms. Robinson was Fund Manager for the NOAH Impact Fund, a subsidiary of the Greater Minnesota Housing Fund, a certified Community Development Financial Institution, from 2016 to 2019, responsible for securing investment commitments, structuring transactions, developing investor and partner relations, and ensuring that social impact goals and compliance requirements were met. She has worked in affordable housing development and finance for over 15 years, including with CommonBond Communities from 2011 to 2015, where she served as Vice President she developed and led enterprise asset management systems, and as Senior Housing Development Manager from 2008 to 2011. Ms. Robinson was also Director of Property Development at Artspace Projects, Inc. from 2015 to 2016. She holds a Master’s degree in Urban and Regional Planning from the University of Minnesota Humphrey School of Public Affairs and a Bachelor of Arts degree in Urban Studies from Macalester College, St. Paul, Minnesota.

Kevin Carpenter — Chief Financial Officer, appointed effective March 2016. In this position, Mr. Carpenter leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization’s financial resources. Prior to this position, Mr. Carpenter was the Chief Financial Officer at the City of Minneapolis from May 2011 to November 2015, and also had significant tenure in various senior financial and operating positions at RBC Capital Markets, LLC. He previously was an investment banker at RBC Capital Markets, LLC and at Lehman Brothers. Mr. Carpenter earned a Master’s Degree in Business Administration from Harvard University Business School and a Bachelor of Arts degree in Government from Dartmouth College.

Debbi Larson — Director of Finance appointed effective December 2019. Ms. Larson was Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to that position, she was Director of Finance and Information Technology for a subsidiary of Taylor Corporation and responsible for domestic and international locations and, prior to that, was the Chief Financial Officer for a division of the Minnesota Department of Corrections. Ms. Larson previously held various accounting positions of increasing responsibility. Ms. Larson holds a Bachelor of Science degree with a concentration in Accounting from the
University of Phoenix, and an MMBA (accelerated MBA program) Executive Leadership certification from the University of St. Thomas.

Anne Smetak — General Counsel, appointed effective June 2020. Ms. Smetak has been a member of the Agency’s legal team since April 2016 and served as Deputy General Counsel for the Agency from July 2019 to June 2020. Her experience prior to joining the Agency includes corporate litigation, affordable housing preservation as a legal services attorney, and clinical teaching roles at the Washington College of Law and The George Washington University School of Law. Ms. Smetak earned a law degree and a Master of Laws degree from The George Washington University School of Law and holds a Bachelor of Arts degree in Political Science from Kenyon College.

James Lehnhoff – Assistant Commissioner, Multifamily, appointed effective March 2019. Mr. Lehnhoff was most recently the Director of Portfolio Strategy at CommonBond Communities. He has more than 16 years of local government, municipal finance, and real estate development experience, including extensive work in affordable housing development, Pro Forma analysis, land use planning, economic development, community engagement, and project management. Mr. Lehnhoff has successfully implemented complex and nationally recognized affordable housing development projects to advance community goals. Prior to joining CommonBond, he was a municipal advisor at Ehlers & Associates from October 2016 to September 2018, served as the Vice President of Real Estate at Aeon from August 2010 to October 2016, and was the Community Development Director for the City of Arden Hills from January 2006 to August 2010. Mr. Lehnhoff earned a Master’s degree in Urban and Regional Planning from the University of Minnesota Hubert H. Humphrey School of Public Affairs and a Bachelor of Arts degree in Geography from the University of Minnesota Duluth.

The Agency’s offices are located at 400 Wabasha Street North, Saint Paul, Minnesota 55102, and its general telephone number is (651) 296-7608. The Agency’s Investor Relations Representative may be reached at the Agency’s general telephone number. The Agency’s website address is http://www.mnhousing.gov. No portion of the Agency’s website is incorporated into this Official Statement.

Agency Continuity of Operations Plan

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Agency’s ability to conduct its business. A prolonged disruption in the Agency’s operations could have an adverse effect on the Agency’s financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Agency has developed a Continuity of Operations Plan (the “Plan”). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Agency and minimize disruption if an emergency threatens, interrupts or incapacitates the Agency’s operations, (ii) provide Agency leadership with timely direction, control and coordination before, during and after an emergency or similar event, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency or similar event. No assurances can be given that the Agency’s efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations.

Cybersecurity

The Agency relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Agency faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance agencies and other public finance entities have been targeted by outside third parties, including technologically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the Agency, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Agency uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Agency conducts regular information security and privacy awareness training that is mandatory for all Agency staff. The Agency’s Business Technology Support group has management responsibility for all information
technology and leads the efforts of the Agency to keep its cyber assets secure. The Agency’s Business Technology Support group and contracted services from the Office of MN.IT Services, an agency of the executive branch of the State, regularly conduct risk assessments, audits and tests of the Agency’s cybersecurity systems and infrastructure.

Despite its efforts, no assurances can be given that the Agency’s security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used by perpetrators are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber attacks have not had a material impact on the Agency's financial condition, results or business; however, the Agency is not able to predict future attacks or their severity. The results of any attack on the Agency’s computer and information technology systems could impact its operations for an unknown period of time, damage the Agency’s digital networks and systems, and damage the Agency’s reputation, financial performance, and customer or vendor relationships. Such an attack also could result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Agency’s reputation and relationships could adversely affect the Agency’s ability to conduct its programs and operations in the future.

COVID-19 Economic Disruption

The global outbreak in March 2020 of COVID-19, a respiratory disease declared to be a pandemic (the “Pandemic”) by the World Health Organization, affected the national capital markets and negatively impacted the State’s housing market and its overall economy. The threat from the Pandemic has been addressed on a national, federal, state and local level in various forms, including executive orders and legislative actions.

On March 13, 2020, the President of the United States declared a national emergency with respect to the Pandemic. In addition, the United States Congress enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, the Consolidated Appropriations Act (the “COVID Relief Act”), signed into law on December 27, 2020, and The American Rescue Plan Act of 2021 (the “ARP Act”), signed into law on March 11, 2021.

With respect to multifamily housing mortgage loans which are (a) insured, guaranteed, supplemented or assisted in any way by the federal government (including any HUD program or related program) or administered by any federal agency or (b) purchased or securitized by Fannie Mae or Freddie Mac (collectively, “Federal Multifamily Loans”), the CARES Act also provides that, if a Federal Multifamily Loan was current as of February 1, 2020 and is not for temporary financing (i.e., not a construction loan), then until the earlier of the termination of the Pandemic or December 31, 2020, the borrower may request a 30-day payment forbearance, and up to two additional 30-day forbearances. During the period of any such forbearance, the borrower may not evict any tenant solely for nonpayment of rent. Such relief follows actions previously taken by the Federal Housing Finance Agency, which announced that Fannie Mae and Freddie Mac would offer mortgage loan forbearance to multifamily property owners on the condition that they suspend all evictions for renters who cannot pay their rent because of COVID-19. That forbearance is available for up to six months. Fannie Mae and Freddie Mac have extended the deadline for application to September 30, 2021. The Agency’s Housing Infrastructure Loans are not affected by the relief provisions of the CARES Act and do not provide security for the repayment of the Bonds, including the Series Bonds. (See “Nature of Obligation and Source of Payment” and “The Developments”) The Agency has provided loans under its other programs, some of which loans are covered by the relief provisions of the CARES Act, and has granted forbearance approvals.

On March 13, 2020, the Governor of the State declared a peacetime emergency with respect to the Pandemic. By various executive orders, which have the force and effect of law during a peacetime emergency, the Governor has directed: residents of the State to first stay at home and shelter in place and subsequently permitting residents to conduct limited activities outside the home; the closure of schools for the remainder of the current school year; the closure and then partial re-opening of restaurants, bars, other public accommodations and certain non-essential businesses; and the suspension of evictions and lease terminations; in each instance subject to further change. The peacetime emergency ended on July 1, 2021 and all executive orders made pursuant to the peacetime emergency have expired. However, legislation was enacted in June 2021 extending eviction protections to June 1, 2022 for certain tenants who have applied for, but not yet received, federal emergency rental assistance payments.
During the peacetime emergency, an executive order of the Governor designated the operation of the Agency as a critical service and Agency personnel, though almost exclusively teleworking, continued all operations in order to provide the Agency’s programs (see “Agency Continuity of Operations Plan” above). The Agency continues to monitor and assess the impact of the Pandemic on its programs, operations and financial position.

THE SERIES BONDS

General

The Series Bonds will be fully registered bonds issued in the denominations of $5,000 or any integral multiple thereof of single maturities. The Series Bonds will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for each series of the Series Bonds. Wells Fargo Bank, National Association, Minneapolis, Minnesota, serves as Trustee under the Indenture. Interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (See “Appendix B — Book-Entry-Only System.”)

For every exchange or transfer of Series Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to that exchange or transfer. The Series Bonds mature on the dates and in the amounts set forth on the inside front cover hereof, subject to prior redemption as hereinafter described.

The Series Bonds will bear interest from their dated date, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022, and, for any Series Bonds then to be redeemed, on any redemption date, at the respective annual rates set forth on the inside front cover hereof until payment of the principal or redemption price of the Series Bonds. Interest on the Series Bonds is calculated on the basis of a 360-day year composed of twelve 30-day months and will be payable to the Owners of record in the bond registration books maintained by the Trustee as of the Record Date.

Optional Redemption

The Agency may redeem Series Bonds maturing on or after August 1, 2032,* at its option, in whole or in part, on any date on or after August 1, 2031,* from the stated maturities and in the principal amounts selected by the Agency, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

General Redemption Provisions

The Trustee must mail notice of redemption, first-class postage prepaid, not less than 30 days before the Redemption Date, to each Owner of Series Bonds to be redeemed; but neither the failure to mail notice to the Owner of any particular Series Bond nor any defect in any notice so mailed will affect the validity of the proceedings for redemption of any Series Bond not affected by that failure or defect.

If notice of redemption has been given and funds sufficient to pay the redemption price are on deposit with the Trustee, on the Redemption Date the Series Bonds to be redeemed become due and payable at the Redemption Price specified and on and after that date (unless the Agency defaults in the payment of the Redemption Price) those Bonds will cease to bear interest.

* Preliminary; subject to change.
NATURE OF OBLIGATION AND SOURCE OF PAYMENT

General

The Bonds (including the Series Bonds) are special, limited obligations of the Agency. The Agency expects that the Housing Infrastructure State Appropriations will be transferred on July 15 of each year from the General Fund of the State to the Agency by the Commissioner of Management and Budget pursuant to Section 462A.37 of the Act and has pledged the Housing Infrastructure State Appropriations pursuant to the Indenture to the payment of the Bonds. The Bonds are not general obligations of the Agency and the Agency has not pledged its general revenues or assets to the payment of the Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of the Housing Infrastructure State Appropriations. In no event will the Agency make payments with respect to the Bonds from the general revenues or assets of the Agency, which include appropriations from the State other than the Housing Infrastructure State Appropriations pursuant to Section 462A.37 of the Act. The Bonds will not constitute indebtedness or another obligation of the State and are not public debt of the State. The State will not pledge its full faith, credit and taxing power to payment of the Bonds or the interest thereon or to annual transfers of Housing Infrastructure State Appropriations to the Agency. The Agency does not expect that any revenues from the Housing Infrastructure Loans will be available to pay debt service on the Bonds, and has not pledged payments on the Housing Infrastructure Loans, if any, to pay principal of or interest on the Bonds.

In the opinion of Bond Counsel, Housing Infrastructure State Appropriations from the General Fund to the Agency do not require further State or other approval except as expressly provided in the Act. See “—The Housing Infrastructure State Appropriations” and “—Certain Risks With Respect to Payment of Housing Infrastructure State Appropriations” hereunder.

The Indenture provides that, as received each year, all Housing Infrastructure State Appropriations paid by the State to the Agency will be remitted by the Agency to the Trustee for deposit into the Bond Fund held under the Indenture and that amounts in the Bond Fund are irrevocably pledged to and must be used for the payment of principal of and premium (if any) and interest on the Bonds, as and when principal, premium and interest become due and payable. The Trustee may also use moneys in the Bond Fund in excess of the amount necessary to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year to pay fees, charges and expenses with respect to the Bonds, except as otherwise required under the Indenture upon occurrence of Event of Default and with respect to advances, counsel fees and other expenses reasonably made or incurred by the Trustee (see “Appendix A — Summary of Certain Provisions of the Indenture — Application of Revenues and Other Moneys After Event of Default” and “—Compensation of Trustee”). Upon written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a sinking fund payment date on either of the next two interest payment dates after that purchase, provided that the Bonds are delivered to the Trustee for cancellation upon purchase.

The Indenture further provides that proceeds of the Series Bonds will be deposited by the Agency in the Program Fund (the “Program Fund”). The money in the Program Fund will be held in trust by the Trustee and applied to the funding of certain Housing Infrastructure Loans and payment of costs of issuance of the Series Bonds. The Trustee is to create specific accounts within the Program Fund, upon receipt of an Agency Certificate, to fund specific Housing Infrastructure Loans. See “Appendix A — Summary of Certain Provisions of the Indenture.”

The Housing Infrastructure State Appropriations

Section 462A.37 of the Act provides that the Agency may issue up to $415 million of housing infrastructure bonds in one or more series to which Housing Infrastructure State Appropriations may be pledged. To qualify as housing infrastructure bonds, the Bonds must be “qualified 501(c)(3) bonds” (within the meaning of Section 145(a) of the Internal Revenue Code of 1986, as amended (the “Code”)), finance qualified residential rental projects within the meaning of Section 142(d) of the Code, finance the construction or rehabilitation of single-family houses that qualify for mortgage financing within the meaning of Section 143 of the Internal Revenue Code or not be “private activity bonds” (within the meaning of Section 141(a) of the Code). The Bonds may be issued for the purpose of making loans, or grants with respect to manufactured home parks, on terms and conditions the Agency deems appropriate, to finance all or a portion of the costs of the construction, acquisition and rehabilitation of supportive housing for individuals and families who are without a permanent residence with a preference to be given
for developments serving certain individuals and families; all or a portion of the costs of the acquisition and rehabilitation of abandoned or foreclosed property to be used for affordable rental housing and the construction of rental housing on that property where the existing structures will be demolished or removed; that portion of the costs of the acquisition of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low and moderate income homebuyers; the costs of acquisition, improvement and infrastructure of manufactured home parks; all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; all or a portion of the costs of the acquisition and rehabilitation or refinancing of federally assisted rental housing, including refunding outstanding bonds issued by the Agency or another governmental unit; and all or a portion of the costs of acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing; and for other authorized purposes under the Act. For a description of the developments expected to be financed with proceeds of the Series Bonds, see “The Developments” herein.

Section 462A.37 of the Act requires the Agency to annually certify to the Commissioner of Management and Budget the actual amount of principal of and premium, if any, and interest on each series of Bonds issued pursuant to the Act payable in that year and the fees, charges and expenses related to the Bonds. The amount so certified with respect to the Series 2013 Bonds and the Series 2014 Bonds, collectively, may not exceed $2,200,000 annually for appropriation on July 15 of each year until July 15, 2035. The amount so certified with respect to the Series 2015 Bonds, the Series 2016AB Bonds, the Series 2017A Bonds and the Series 2018A Bonds, collectively, may not exceed $6,400,000 annually, for appropriation on July 15 of each year until July 15, 2037. The amount so certified with respect to the Series 2016C Bonds and the Series 2018B Bonds, collectively, may not exceed $800,000 annually for appropriation on July 15 of each year until July 15, 2038. The amount so certified with respect to the Series 2018CD Bonds and the Series 2019AB Bonds, collectively, may not exceed $2,800,000 annually for appropriation on July 15 of each year until July 15, 2040. The amount so certified with respect to the Series 2019CD Bonds, the Series 2020ABC Bonds and the Series 2021A Bonds, collectively, in an aggregate principal amount up to $80,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2020 through July 15, 2041. The amount so certified with respect to the Series 2020D Bonds and the Series 2021B Bonds, collectively, in an aggregate principal amount up to $60,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Bonds annually for appropriation on July 15 of each year beginning July 15, 2022 through July 15, 2043. The amount so certified with respect to the Series 2021CD Bonds and Additional Bonds, collectively, in an aggregate principal amount up to $100,000,000, will not exceed the amount payable in that fiscal year of principal, premium, if any, and interest on, and the fees, charges, and expenses related to, those Additional Bonds annually for appropriation on July 15 of each year beginning July 15, 2022 through July 15, 2043. Appropriations will be made from the General Fund to fund transfers by the Commissioner of Management and Budget to the Agency to pay debt service on the Outstanding Bonds and related fees, charges and expenses. The amounts appropriated to the Agency pursuant to Section 462A.37 of the Act are the “Housing Infrastructure State Appropriations.”

Under the Indenture, the Agency has covenanted to annually certify to the Commissioner of Management and Budget the actual amount of principal of and premium, if any, and interest on each series of Bonds issued pursuant to the Act payable in that year and the fees, charges and expenses related to the Bonds.

The Act contains no provision establishing any right of Owners of Outstanding Bonds to require the Commissioner of Management and Budget to make the specified Housing Infrastructure State Appropriations or limiting the ability of the State to amend or repeal Section 462A.37 of the Act or, by other legislative, executive or judicial action, to adversely affect the amount or timely transfer of Housing Infrastructure State Appropriations.

Certain Risks With Respect to Payment of Housing Infrastructure State Appropriations

Section 462A.37 of the Act provides for annual Housing Infrastructure State Appropriations of funds from the General Fund to the Agency for payment of Outstanding Bonds, conditioned upon certification by the Agency to the Commissioner of Management and Budget of the actual amount of annual debt service on each series of Outstanding Bonds. The Housing Infrastructure State Appropriations constitute an appropriation for future years that does not require any further action by the Legislature. However, pursuant to Minnesota law, the Legislature may reduce or repeal a standing appropriation in its entirety. The Legislature is prohibited from acting to bind any future Legislature. Any of: (i) a legislative reduction or repeal of the Housing Infrastructure State Appropriations.
established by Section 462A.37 of the Act; (ii) an unallotment of, or other executive action affecting, the Housing Infrastructure State Appropriations established by Section 462A.37 of the Act; or (iii) a partial government shutdown affecting the practical ability of the Commissioner of Management and Budget to make transfers of Housing Infrastructure State Appropriations to the Agency could prevent the anticipated full and timely payment of interest and principal then due on the Series Bonds. In addition, prospective secondary market purchaser concerns that such an event might occur could materially and adversely affect the market price of the Outstanding Series Bonds even if the event does not in fact occur.

Reduction or Repeal of Appropriation.

Housing Infrastructure State Appropriations. The Housing Infrastructure State Appropriations constitute a standing appropriation that does not require any further action by the Legislature for payments to be made in future years. However, as provided by Minnesota law, the Legislature may reduce or repeal a standing appropriation entirely. The State cannot give any assurance that the Legislature will not reduce or repeal the Housing Infrastructure State Appropriations.

Appropriations Other Than Housing Infrastructure State Appropriations. Certain State appropriations (other than the Housing Infrastructure State Appropriations) for limited payment obligations of the State are not standing appropriations and, thus, require action by the Legislature on an annual or biennial basis. The State’s obligation to make payments on these State or other obligations is not a general or moral obligation indebtedness of the State; rather the State is obligated to make payments only to the extent moneys are appropriated from time to time for that purpose. In the past, the Legislature has failed to make appropriations as necessary to pay in full debt service on State or other obligations, including in 1980 and 1981, when an appropriation to the Minnesota State Zoological Board (the “Zoo Board”) of net revenues of a zoo ride facility were insufficient to allow the Zoo Board to make payments pursuant to an installment purchase agreement, which payments had been assigned to holders of certificates of participation in that agreement. In 1989, the Legislature declined to appropriate funds to St. Cloud State University as necessary to make certain payments under an energy services agreement, which payments had been assigned to an indenture trustee as security for the payment of principal of and interest on industrial development revenue bonds issued by the City of St. Cloud, Minnesota. As previously stated, the limited payments obligations of the State described in this paragraph were not standing appropriations and, unlike the Series Bonds, required affirmative action by the Legislature on an annual or biennial basis for State payments to be made in respect of said obligations.

Unallotment. The Housing Infrastructure State Appropriations are subject to executive unallotment, in whole or in part, under Minnesota Statutes, Section 16A.152. Article XI, Section 6 of the Minnesota Constitution requires a balanced budget for the State. Pursuant to that requirement, Minnesota law requires the Governor to submit a proposed State budget to the Legislature by the end of January of each odd-numbered year for that year and the ensuing even-numbered year (those years together, the “biennium”). On July 1 of each odd-numbered year, the Commissioner of Management and Budget transfers to the Budget Reserve Account within the General Fund (the “Budget Reserve”) any amounts specifically appropriated by law to the Budget Reserve. Pursuant to Minnesota Statutes, Section 16A.152, if the Commissioner of Management and Budget determines that probable receipts for the General Fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the Commissioner of Management and Budget, with the approval of the Governor, may use amounts in the Budget Reserve to balance the State budget. Section 16A.152 further permits the Commissioner of Management and Budget, with the approval of the Governor, to “unallot” funds as follows:

(a) An additional deficit shall, with the approval of the Governor, and after consulting the Legislative Advisory Commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the Commissioner of Management and Budget is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(b) If the Commissioner of Management and Budget determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the Commissioner of
Management and Budget shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.

(c) In reducing allotments, the Commissioner of Management and Budget may consider other sources of revenue available to recipients of State appropriations and may apply allotment reductions based on all sources of revenue available.

During and after the legislative sessions, revenues are updated to reflect legislative actions that have a direct impact on State revenues and changes in economic conditions that may materially affect the results of previous revenue forecasts. If, during the course of the fiscal year, the Commissioner of Management and Budget discovers that probable revenues will be less than anticipated, the Commissioner, with the approval of the Governor, is required to reduce allotments as necessary to balance expenditures and revenues forecast for the then current biennium. The Governor also has the authority to request legislative actions to provide additional sources of revenue, but those requests do not relieve the Commissioner of Management and Budget of his obligation to reduce allotments to State agencies.

The executive branch has imposed unallotments in prior fiscal years, but not with respect to the payment of debt service. Over the past thirty years, the unallotment procedure has been used as follows: $195 million of unallotments in 1980; in 1981 local government aid payments were unallotted in November and December but were reallocated and paid by February 26, 1982; $109 million of unallotments in 1986; $281 million of unallotments in 2003; $271 million of unallotments in 2008; and $2.68 billion of unallotments in 2009. The 2009 unallotment was unique in that it resulted from the passage of appropriation bills for the fiscal biennium, but the then-Governor vetoed a tax bill that would have balanced the biennial budget by raising revenues and shifting payments. In litigation challenging the 2009 unallotments, the Minnesota Supreme Court concluded that unallotment could not be used to balance the budget for an entire biennium when balanced spending and revenue has not been agreed upon by the legislature and the Governor. The legislature and Governor subsequently agreed to a balanced budget for the biennium. While appropriations from the General Fund for payment of debt service have not previously been unallotted, the State cannot give any assurance that unallotment of the Housing Infrastructure State Appropriations will not be imposed in any future year.

Other Risks. There can be no assurance that other events outside the control of the Commissioner of Management and Budget, such as a temporary State government shutdown, will not affect the ability of the Commissioner of Management and Budget to make timely payments of principal of and interest on the Series Bonds.

The Bonds are not general obligations of the Agency and the Agency has not pledged its general funds or assets to the payment of the Bonds or the interest thereon. The Agency will pay principal of, premium, if any, and interest on the Bonds solely from the Trust Estate established pursuant to the Indenture, consisting principally of Housing Infrastructure State Appropriations. In no event will the Agency make payments with respect to the Bonds from its general revenues, which include appropriations from the State other than the Housing Infrastructure State Appropriations pursuant to Section 462A.37 of the Act. The Bonds will not constitute indebtedness or another obligation of the State and are not public debt of the State. The State will not pledge its full faith, credit and taxing power to payment of the Bonds or the interest thereon or to the annual transfers of Housing Infrastructure State Appropriations to the Agency.

Additional Bonds

In addition to the Series Bonds described herein, the Agency may in its discretion issue up to $__,000* in principal amount of Additional Bonds to provide funds to make additional Housing Infrastructure Loans and pay costs of issuance of such Additional Bonds and other purposes authorized by Section 462A.37 of the Act. Any Additional Bonds are to be authorized by a resolution of the Agency and prescribed in a supplemental indenture (a “Supplemental Indenture”) executed by the Agency and the Trustee and which, when so issued, authorized and prescribed, will be secured by the Indenture and the Trust Estate, consisting primarily of Housing Infrastructure State Appropriations, on a parity with the Bonds then Outstanding under the Indenture; provided that no Additional

* Preliminary; subject to change.
Bonds are to be issued under the Indenture or secured by the Trust Estate on a parity with the Outstanding Bonds unless there is delivered to the Trustee the following: (a) An Agency resolution authorizing the issuance of the Additional Bonds and the sale thereof to the purchaser or purchasers named therein; (b) an Agency order directing the authentication of a specified principal amount of Additional Bonds of a specified series and the delivery thereof to or upon the order of the purchaser or purchasers named therein upon payment of the purchase price set forth therein; (c) an Agency Certificate to the effect that the principal and interest required to be paid on the Outstanding Bonds, including the Additional Bonds to be issued, in the current and any future Fiscal Year, does not exceed the maximum amount of Housing Infrastructure State Appropriations authorized by the Act in any Fiscal Year; (d) an opinion of Bond Counsel (i) stating that all conditions precedent provided in the Indenture relating to the authentication and delivery of the Additional Bonds have been complied with, and (ii) stating that the Additional Bonds whose authentication and delivery are then applied for, when issued and executed by the Agency and authenticated and delivered by the Trustee, will be the valid and binding special, limited obligations of the Agency in accordance with their terms and entitled to the benefits of and secured by the lien of the Indenture, subject to customary qualifications and assumptions; (e) an executed counterpart of the Supplemental Indenture creating the Additional Bonds; and (f) written confirmation from each Rating Agency that issuance of the Additional Bonds will not impair the then existing rating on Outstanding Bonds.

DEBT SERVICE REQUIREMENTS ON OUTSTANDING BONDS

The following table sets forth, for each Fiscal Year of the State ending June 30, the amounts to be required for payment of interest on (net of capitalized interest) and principal at maturity or mandatory sinking fund redemption of the Prior Series Bonds and the Series Bonds (assuming no optional redemption of those Bonds) and which are required to be paid from the Housing Infrastructure State Appropriations:

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<th>Fiscal Year Ending June 30</th>
<th>Prior Series Bonds</th>
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Under the Indenture, Housing Infrastructure State Appropriations are to be credited to the Bond Fund and applied to the payment of principal of and interest on Outstanding Bonds before being applied to the payment of

* Preliminary; subject to change. Assumes the Series Bonds mature as described herein and bear interest at an average annual interest rate of ____%.
fees, charges and expenses with respect to the Bonds. (See “Appendix A—Summary of Certain Provisions of the Indenture—Bond Fund.”)

STATE FINANCIAL INFORMATION

The Bonds (including the Series Bonds) are special, limited obligations of the Agency. Specified transfers expected to be made by the State pursuant to Section 462A.37 of the Act are pledged pursuant to the Indenture for the payment of the Outstanding Bonds. (See “Nature of Obligation and Source of Payment.”) Potential purchasers and Owners of the Series Bonds are advised to consider the likelihood of their full and timely receipt of principal and interest payments on the Series Bonds when due on the basis of the financial condition of the State, rather than that of the Agency.

Basic financial statements for the State for the Fiscal Year ended June 30, 2020, as well as certain additional information concerning the State, are included in the August ____, 2021 State Preliminary Official Statement, which is attached hereto as Appendix E. The State most recently released certain revenue and expenditure forecasts prepared by the Department of Management and Budget in February 2021. Information concerning this forecast is included in the August ____, 2021 State Preliminary Official Statement in Appendix B thereto under the caption “Biennium Budgets—February 2021 Forecast—Current Biennium.” The next official forecast of revenue and expenditures will be prepared in November 2021 and will be released in early December 2021.

The November 2021 forecast of revenue and expenditures will be available on the Minnesota Management and Budget website (www.mn.gov/mmb/) and on the Municipal Securities Rulemaking Board’s internet repository named “Electronic Municipal Market Access” (“EMMA”) filed with respect to the Series Bonds. Any amendment or supplement to the basic financial statements of the State, and any subsequent financial statements published by the State and made publicly available in a State official statement or revenue and expenditure forecast required by statute or an official quarterly economic update published by the State on the Minnesota Management and Budget website and also filed on EMMA with respect to the Series Bonds, to and including a date 25 days following the “end of the underwriting period” (as defined in Rule 15c2-12 of the Securities and Exchange Commission) applicable to the Series Bonds offered hereby, will be deemed to be incorporated by reference in this Official Statement from the date made publicly available. No other information on the Minnesota Management and Budget website or on EMMA is incorporated into this Official Statement. Any statement contained in any document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently publicly available document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

THE DEVELOPMENTS

The Series Bonds are being issued to provide money for the Agency to fund Housing Infrastructure Loans for the purposes permitted to be funded pursuant to Section 462A.37 of the Act.

One Housing Infrastructure Loan is expected to finance a portion of the cost of water, sewer and road infrastructure redevelopment in Sungold Heights, a manufactured home park located in Worthington, Minnesota. The ownership of Sungold Heights is a resident owned cooperative.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Heritage Court Apartments, in North Branch, Minnesota. The development will consist of a single building three-story multifamily apartment development for seniors with 32 residential units. The development will be acquired and constructed by Heritage Court Apartments of North Branch Limited Partnership, a Minnesota limited partnership, as the initial owner thereof, whose general partner is Heritage Court Apartments LLC, a Minnesota limited liability company whose sole member is Central Minnesota Housing Partnership, Inc., a Minnesota nonprofit corporation, whose registered address is in Saint Cloud, Minnesota.
A Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and substantial rehabilitation of a partially subsidized Rural Development multifamily housing development, known as Royal Manor II, in Alexandria, Minnesota. The development consists of a single one-story building multifamily apartment development with 24 residential units. The development will be acquired and rehabilitated by a single purpose entity to be formed by and affiliated with Southwest Minnesota Housing Partnership, a Minnesota nonprofit corporation, whose registered address is in Slayton, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as West Creek Apartments, in Chaska, Minnesota. The development will consist of a single building multi-story multifamily apartment development with 18 residential units, with support services provided by Launch Ministry, Chaska, Minnesota. The development will be acquired and constructed by West Creek Apartments, LLC, a Minnesota limited liability company, as the initial owner thereof, a member of which will be Community Asset Foundation, a Minnesota nonprofit corporation whose registered address is in Chaska, Minnesota.

A Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Anoka Senior Housing, in Anoka, Minnesota. The development will consist of a single building multi-story multifamily apartment development for seniors with 80 residential units. The development will be acquired and constructed by Anoka VA Affordable Housing LP, a limited partnership, as the initial owner thereof, a general partner of which will be Volunteers of America National Services, a nonprofit corporation whose registered address is in Alexandria, Virginia.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and substantial rehabilitation of a 100 percent project-based Section 8 multifamily housing development, known as Cascade Apartments in Fergus Falls, Minnesota. The development will consist of a seven building apartment and townhome multifamily development with 36 residential units. The development will be acquired and rehabilitated by Cascade, LLLP, a Minnesota limited liability limited partnership, as the initial owner thereof, a general partner of which will be D.W. Jones, Inc. a Minnesota corporation whose registered address is in Walker, Minnesota.

A Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Bryn Mawr Senior Apartments, in Minneapolis, Minnesota. The development will consist of a single building multi-story multifamily apartment development for seniors with 100 residential units. The development will be acquired and constructed by Bryn Mawr Affordable Apartments, LP, a Minnesota limited partnership, as the initial owner thereof, a general partner of which will be Bryn Mawr Management, LLC, a Minnesota limited liability company whose registered address is in Minneapolis, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of substantial rehabilitation of a partially subsidized project-based Section 8 multifamily housing development, known as Windwood Townhomes in Duluth, Minnesota. The development will consist of a multiple building townhome multifamily development with 67 residential units. The development will be rehabilitated by a single purpose entity the sole member of which will be Center City Housing Corp., a Minnesota nonprofit corporation, whose registered address is in Duluth, Minnesota.

A Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Nicols Pointe, in Eagan, Minnesota. The development will consist of a single building multi-story multifamily development for seniors, and with a preference for veterans, with 24 residential units. The development will be acquired and constructed by DCCDA Eagan ELI, LLC, a Minnesota limited liability company, as the initial owner thereof, the sole member of which will be Dakota County Community Development Agency, a Minnesota governmental entity whose offices are in Eagan, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Silver Linings, in Moorhead, Minnesota. The development will consist of a single building multi-story multifamily apartment development for seniors with 36 residential units. The development will be acquired and constructed by a single purpose entity to be formed by and affiliated with Churches United for the Homeless, a Minnesota nonprofit corporation, whose registered address is in Moorhead, Minnesota.
A Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition, rehabilitation and construction of a multifamily housing development, to be known as Kimball Court, in Saint Paul, Minnesota. The development will consist of a single building multi-story multifamily apartment development, and new addition thereto, with 98 residential units, with support services provided by Avivo, Minneapolis, Minnesota. The development will be acquired and constructed by 545 Snelling, LLC, a Minnesota limited liability company, as the initial owner thereof, a member of which will be Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation, whose registered address is in Saint Paul, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Vista 44, in Hopkins, Minnesota. The development will consist of a single building multi-story multifamily apartment development with 50 residential units, with support services provided by Volunteers of America--Minnesota, Minneapolis, Minnesota. The development will be acquired and constructed by Vista 44, LLC, a Minnesota limited liability company, as the initial owner thereof, a member of which will be Beacon Interfaith Housing Collaborative, a Minnesota nonprofit corporation, whose registered address is in Saint Paul, Minnesota.

A Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, known as River Heights Apartments, in Saint Cloud, Minnesota. The development will consist of a single building multi-story multifamily apartment development with 40 residential units, with support services provided by Center City Housing Corp., Duluth, Minnesota. All of the units will be reserved for persons with behavioral health needs who are also homeless or leaving an institution of care. The development will be acquired and constructed by River Heights Developer, LLC, a Minnesota limited liability company, as the initial owner thereof, a member of which will be Center City Housing Corp., a Minnesota nonprofit corporation, whose registered address is in Duluth, Minnesota.

Another Housing Infrastructure Loan is expected to finance a portion of the cost of acquisition and construction of a multifamily housing development, to be known as Garitz Grove, in Fergus Falls Minnesota. The development will consist of a single building multi-story multifamily apartment development with 24 residential units, with support services provided by Otter Tail County Human Services, Fergus Falls, Minnesota. The development will be acquired and constructed by a single purpose entity to be formed by and affiliated with Fergus Falls Housing and Redevelopment Authority, a Minnesota governmental entity, whose offices are in Fergus Falls, Minnesota.

Housing Infrastructure Loans also are expected to be made to one or more Community Land Trusts, for the acquisition of land upon which one or more condominium units, townhouses, or structures consisting of one to four single-family dwelling units, one of which will be owned and occupied by a person or family of low and moderate income, whose income does not exceed 115 percent of area median income as adjusted from time to time by the U.S. Department of Housing and Urban Development, as its principal residence, all of which are located on, or will be constructed on, the acquired land, and, if applicable, eligible costs of clearing the land, demolition and utility connections. A Community Land Trust is a private nonprofit organization that is a Section 501(c)(3) tax-exempt organization that is authorized to acquire land to be leased as owner-occupied single family housing to low- and moderate-income persons or families.

Each of the Housing Infrastructure Loans described above may be a 0 percent interest, non-amortizing, nonrecourse deferred loan. Certain of the Housing Infrastructure Loans may also be forgivable if the conditions for use are met. No revenues from the Housing Infrastructure Loans are expected to be available to pay debt service on the Series Bonds, and payments on the Housing Infrastructure Loans, if any, are not pledged to pay principal of or interest on the Series Bonds. Consequently, Owners of the Series Bonds should not regard the Housing Infrastructure Loans or the developments financed thereby as providing security for the Series Bonds.

If any one or more of these developments does not proceed for any reason, to the extent permitted by the Code, the Agency may use moneys in the Program Fund to make loans or grants for other developments eligible for funding under Section 462A.37 of the Act.
ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the Series Bonds are as follows:

Sources:

Principal Amount of Series Bonds
Net Original Issue Premium
Total Sources of Funds

Uses:

Deposit to Program Fund for Housing Infrastructure Loans
Capitalized Interest
Costs of Issuance
Underwriters’ Compensation
Total Uses of Funds

The Agency may reimburse itself from proceeds of the Series Bonds for Agency funds advanced to fund Housing Infrastructure Loans and related costs authorized by the Act before the date of issuance of the Series Bonds.

TAX EXEMPTION AND RELATED CONSIDERATIONS

General

The applicable federal tax law establishes certain requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). These requirements are generally described below. Noncompliance with these requirements may cause interest on the Series Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which that noncompliance is ascertained or occurs.

The Indenture and the Bond Compliance Agreements and the Tax Exemption Agreements described in the Indenture contain provisions (the “Tax Covenants”) pursuant to which, in the opinion of Bond Counsel, the current requirements of the Code can be satisfied.

Opinion of Bond Counsel

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered, with respect to the Series Bonds, on the date of issuance of the Series Bonds, assuming the accuracy of certain representations and continuing compliance by the Agency and, where applicable, the recipients of the Housing Infrastructure Loans with the Tax Covenants, under existing laws, regulations, rulings and judicial decisions, interest payable on the Series Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, provided interest on any Series 2021D Bond is not excluded from gross income for federal income tax purposes of any holder of a Series 2021D Bond who is a “substantial user” of a facility financed with the proceeds of the Series 2021D Bonds or a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax under the Code.

In addition, in the opinion of Bond Counsel, interest on the Series Bonds is not includable in the taxable net income of individuals, trusts and estates for Minnesota income tax purposes. Interest on the Series Bonds is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax. Interest on the Series Bonds is not includable in the Minnesota alternative minimum taxable income of individuals, estates and trusts.
Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series Bonds, or under state and local tax law.

A form of the Bond Counsel opinion with respect to the Series Bonds is attached hereto as Appendix D.

Prospective owners of the Series Bonds should be aware that the ownership of obligations such as the Series Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. The extent of these collateral tax consequences will depend upon that owner’s particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds.

The foregoing is a brief discussion of certain collateral federal income tax matters with respect to the Series Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series Bonds.

Certain Ongoing Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with those requirements may cause interest on the Series Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which the noncompliance occurs or is discovered. The Agency will covenant that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Agency will deliver a certificate with respect to ongoing federal tax requirements with the issuance of the Series Bonds which will contain provisions relating to compliance with the requirements of the Code. The Agency also has required or will require recipients of the Housing Infrastructure Loans to make certain covenants relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Agency or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for federal income tax purposes.

Certain Considerations with Respect to the Series 2021ABC Bonds

Assuming compliance with the following covenants, the Series 2021ABC Bonds will not be treated as private activity bonds within the meaning of Section 141 of the Code.

(1) If either (a) or (b) below is true with respect to the Series 2021ABC Bonds:

(a) No more than 10 percent of the proceeds of the Series 2021ABC Bonds (net of costs of issuing the Series 2021ABC Bonds and any reserve funds established with proceeds of the Series 2021ABC Bonds) will be used for any private business use (as contemplated by Section 141(b)(1) of the Code). For this purpose, use of the proceeds by a Section 501(c)(3) entity is considered private business use.
(b) Payment of the principal of or interest on no more than 10 percent of the proceeds of the Series 2021ABC Bonds (net of costs of issuing the Series 2021ABC Bonds and any reserve fund established with the proceeds of the Series 2021ABC Bonds) is (under the terms of the Series 2021ABC Bonds or any underlying arrangement) directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code) or (B) payments in respect of that property or (ii) to be derived from payments (whether or not to the Agency) in respect of property or borrowed money used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code). For this purpose, the loan of the proceeds to, or the use of the property by, a Section 501(c)(3) organization is considered property or borrower money used for a private business use.

(2) The proceeds of the Series 2021ABC Bonds, if any, that are to be used for any private business use (as contemplated by Section 141(b)(1) of the Code) that is not related to any government use, plus the proceeds of the Series 2021ABC Bonds, if any, that are to be used for any private business use (as contemplated by Section 141(b)(1) of the Code) that is related to any government use but disproportionate to the related government use that is financed by the proceeds of the Series 2021ABC Bonds, will not exceed five percent of the proceeds of the Series 2021ABC Bonds (net of costs of issuing the Series 2021ABC Bonds and any reasonably required reserve funds established with the proceeds of the Series 2021ABC Bonds).

(3) No portion of the proceeds of the Series 2021ABC Bonds will be used by the Agency with respect to any output facility within the meaning of Section 141(b)(4) of the Code unless, in the opinion of nationally recognized bond counsel, that use will not result in the inclusion in gross income of interest on the Series 2021ABC Bonds for federal income tax purposes.

(4) No more than the lesser of $5,000,000 or five percent of the net proceeds of the Series 2021ABC Bonds will be used (directly or indirectly) to make or finance loans to any person, other than persons that are governmental units.

A portion of the Housing Infrastructure Loans will substantively be grants, and a portion of the Housing Infrastructure Loans will be loans for tax purposes. To the extent that the Housing Infrastructure Loans are loans to 501(c)(3) organizations, those properties may be subject to low income occupancy requirements as well as restrictions on the level of rents charged. See the discussion below under “—Certain Considerations With Respect to the Series 2021D Bonds—Low Income Set-Aside Requirements under the Code.”

Notwithstanding the foregoing, the Agency may make repayable loans to organizations of the type described in Section 501(c)(3) of the Code (the “Nonprofit Organizations”). To the extent that more than five percent of the net proceeds of the Series 2021ABC Bonds (or $5,000,000, whichever is less) are used to make repayable loans to Nonprofit Organizations, and not used in an unrelated trade or business of such Nonprofit Organizations (as defined in Section 513 of the Code), such Series 2021ABC Bonds will be classified for federal income tax purposes as qualified 501(c)(3) bonds within the meaning of Section 145 of the Code. If the Series 2021ABC Bonds are qualified 501(c)(3) bonds as described above, then, as a condition to the exclusion from gross income of interest on the Series 2021ABC Bonds for federal income tax purposes, all of the following must be satisfied:

(1) Either:

(a) No more than five percent of the proceeds of the Series 2021ABC Bonds (net of the costs of issuing the Series 2021ABC Bonds and any reserve fund that is funded with proceeds of the Series 2021ABC Bonds) will be used for any private business use (as contemplated by Section 141(b)(1) of the Code; or

(b) Payment of the principal of or interest on no more than five percent of the proceeds of the Series 2021ABC Bonds (net of the costs of issuing the Series 2021ABC Bonds and any reserve fund that is funded with proceeds of the Series 2021ABC Bonds) is (under the terms of the Series 2021ABC Bonds or any underlying arrangement) directly or indirectly (1) secured by any interest in (i) property used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code) or (ii) payments in respect of such property or (2) derived from payments (whether or not to the Agency) in respect of
property or borrowed money used or to be used for a private business use (as contemplated by Section 141(b)(1) of the Code.

Solely for purposes of (a) and (b) above, a 501(c)(3) entity will not be treated as using proceeds of property in a private trade or business.

(2) No more than five percent of the proceeds of the Series 2021ABC Bonds (net of the costs of issuing the Series 2021ABC Bonds and any reserve fund that is funded with proceeds of the Series 2021ABC Bonds) are used to make loans to entities that are neither a state or local governmental entity nor a Nonprofit Organization.

No portion of the proceeds of the Series 2021ABC Bonds will be used by the Agency with respect to an output facility within the meaning of Section 141(b)(4) of the Code, unless, in the opinion of nationally recognized bond counsel, such use will not result in the inclusion in gross income of the interest on the Series 2021ABC Bonds for federal income tax purposes.

Certain Considerations With Respect to the Series 2021D Bonds

Low Income Set-Aside Requirements under the Code. The Series 2021D Bonds are “exempt facility bonds” that are subject to certain low income set-aside requirements of the Code. This section includes brief summaries of the low income set-aside requirements and certain other requirements for qualified residential rental projects under the Code.

The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation, or containing single room occupancy units, that are available to the general public (subject to preferences for homeless, disabled and similar classes of tenants that do not violate United States Department of Housing and Urban Development policies respecting non-discrimination and applicable Fair Housing requirements) and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20 percent of the completed units in a project to be financed with the proceeds of the Series 2021D Bonds be continuously occupied during the “qualified project period” by individuals and families whose annual adjusted income does not exceed 50 percent of the area median income (with adjustments for family size), or (ii) at least 40 percent of the completed units in a project to be financed with the proceeds of the Series 2021D Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60 percent of the area median income (with adjustments for family size). The Agency will make elections on the applicable low income set-aside requirements with respect to each development expected to be financed with the proceeds of the Series 2021D Bonds. In addition, all of the units in a development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the “qualified project period” as the period beginning on the first day upon which 10 percent of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50 percent of the residential units in the project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or (iii) the date upon which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937, as amended, terminates. A development generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140 percent of the applicable income limitation. Generally, upon an increase of a tenant's income over 140 percent of the applicable income limitation, the next available unit of comparable or smaller size in the applicable development must be rented to a tenant whose income does not exceed the applicable income limitation; provided however, that if tax credits under Section 42 of the Code are allowed with respect to the applicable development, the next available unit of a comparable or smaller size in the same building as the tenant whose income has increased over 140 percent of the applicable income limitation must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made by the operator of the development to the Secretary of the Treasury regarding compliance with the applicable income limitations.
**Expenditures for Rehabilitation.** The Code requires that the owner of an existing development spend a minimum sum of money for rehabilitation expenditures with regard to the development. The minimum amount of rehabilitation expenditures that must be incurred is equal to 15 percent of the amount of Series 2021D Bond proceeds, if any, applied to the cost of acquiring an existing building (including the building fixtures and equipment within, but not including the cost of land). That minimum amount of rehabilitation expenditures must be incurred no later than two years after the later of the date of issuance of those Series Bonds or the date that the building is acquired by the owner. The Code also requires that less than 25 percent of the net proceeds of the Series 2021D Bonds be used to acquire land.

**Certain State Tax Legislation.** Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota’s exemption of that interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

On May 19, 2008 the U.S. Supreme Court held in Department of Revenue of Kentucky v. Davis that Kentucky’s taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of “so called ‘private activity,’ ‘industrial revenue,’ or ‘conduit’ bonds . . . used to finance projects by private entities” violate the Commerce Clause, adding that “we cannot tell with certainty what the consequences would be of holding that Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private activity bonds should be evaluated differently from the treatment of municipal bond interest generally.”

Since the Series 2021D Bonds are “private activity bonds” and the Supreme Court’s opinion left open the possibility of a challenge to Minnesota’s differential treatment of the interest on private activity bonds issued in other states, the Agency cannot predict the outcome of any challenge. If Minnesota’s treatment of those bonds were held to unlawfully discriminate against interstate commerce, the court making such a finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states’ bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Series 2021D Bonds to become taxable by Minnesota and the market value of the Series 2021D Bonds to decline.

**Bond Premium**

Certain of the Series Bonds may be sold at a premium. An amount equal to the excess of the issue price of a Series Bond over its stated redemption price at maturity constitutes premium on that Series Bond. An initial or subsequent purchaser of a Series Bond must amortize any premium over that Series Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Series Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in that Series Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes, upon a sale or disposition of that Series Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Series Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Series Bond.

**Original Issue Discount**
Any Series Bonds that are sold at an initial public offering price that is less than the stated amount to be paid at maturity will constitute “Discount Bonds.” The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on such Discount Bond.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price of such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above, prevent owners of the Series Bonds from realizing the full current benefit of the tax treatment of the Series Bonds or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced that, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE

The Agency will covenant in a continuing disclosure undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the State and to provide notices of the occurrence of certain enumerated events. That information and notices are to be filed by the Agency with the Municipal Securities Rulemaking Board through its internet repository named “Electronic Municipal Market Access” (EMMA). (See “Appendix C — Summary of Continuing Disclosure Undertakings.”) The Agency and the State will enter into a separate agreement pursuant to which the State will agree to provide to the Agency the information needed for the Annual Report described in Appendix C. (See “Appendix C — Summary of Continuing Disclosure Undertakings.”)
These covenants have been made in order to assist the Underwriters in complying with the Rule (as defined in Appendix C hereto). Breach of the covenants will not constitute a default or an “Event of Default” under the Series Bonds or the Indenture. A broker or dealer is to consider a known breach of the covenants, however, before recommending the purchase or sale of the Series Bonds in the secondary market. Thus, a failure on the part of the Agency or the State to observe the covenants may adversely affect the marketability and liquidity of the Series Bonds and their market price. During the prior five years, one disclosure report timely filed with EMMA was not timely linked to all outstanding CUSIPs for the associated Bonds of the Agency. The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2019 with EMMA; however, that Agency Annual Report was not specifically linked to two CUSIPs for the Agency’s Residential Housing Finance Bonds, 2014 Series C, and three CUSIPs for the Agency’s Residential Housing Finance Bonds, 2014 Series E. The Agency posted that Annual Report to CUSIP 60416SHP8, the only one of the five omitted CUSIPs with respect to bonds still outstanding, on February 1, 2021. Where the Agency undertakes to provide annual financial information and operating data of the State, the Agency cannot provide annual financial information and operating data of the State until received from the State. For information on the State’s covenants and agreements to comply with its continuing disclosure obligations, its submission of a report to the Securities and Exchange Commission (the “SEC”) in response to its Municipal Continuing Disclosure Cooperation Initiative (the “MCDC”), and the issuance of a Cease-and-Desist Order by the SEC and related State undertakings under the MCDC, with regard to the State’s compliance with its continuing disclosure undertakings, see the disclosure under the section heading “CONTINUING DISCLOSURE” in the August __, 2021 State Preliminary Official Statement included as Appendix E hereto.

LITIGATION

There is not now pending or, to the best knowledge of the officers of the Agency or the State, overtly threatened any litigation against the Agency or the State seeking to restrain or enjoin the sale, issuance, execution or delivery of the Series Bonds, or in any manner questioning or affecting the validity of the Series Bonds or the proceedings or authority pursuant to which they are to be issued and sold.

While at any given time, including the present, there are numerous civil actions pending against the State, that could, if determined adversely to the State, affect the State’s expenditures, and, in some cases, its revenues, the State Attorney General is of the opinion that, except for the actions described in Note 19 to the State Financial Statements for Fiscal Year Ended June 30, 2020, set forth in Appendix F of the August __, 2021 State Preliminary Official Statement included as Appendix E hereto, and additional actions, if any, discussed in the section entitled “LITIGATION” in the August __, 2021 State Preliminary Official Statement, no pending actions are likely to have a material adverse effect in excess of $15 million on the State’s expenditures or revenues during the current biennium.

CERTAIN LEGAL MATTERS

The validity of, and the tax exemption of interest on, the Series Bonds are subject to the opinion of Kutak Rock LLP, Bond Counsel. The opinion of Bond Counsel will be provided in substantially the form set forth in Appendix D attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Cozen O'Connor.

RATINGS

The Series Bonds are rated “___” by Moody’s Investors Service, Inc. and “___” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC. The ratings reflect only the views of these rating agencies. For an explanation of the ratings as described by those rating agencies, please contact the rating agencies. The ratings are subject to change or withdrawal by either of the rating agencies at any time. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal or suspension of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds.
TRUSTEE

Wells Fargo Bank, National Association serves as the Trustee under the Bond Resolution. The Trustee also serves as bond trustee for other outstanding bonds of the Agency. On March 23, 2021, Wells Fargo & Company announced that it had entered into a definitive agreement to sell its Corporate Trust Services (“CTS”) business to Computershare Ltd (“Computershare”). Pursuant to the Bond Resolution, any successor Trustee, including a successor by sale or transfer of the corporate trust business, must be a bank or trust company or national banking association having trust powers and combined capital and surplus aggregating at least $75,000,000. The Agency has not yet been provided with information as to whether Computershare is so qualified.

FINANCIAL ADVISOR

CSG Advisors Incorporated (the “Financial Advisor”) is serving as financial advisor to the Agency with respect to the planning, structuring and sale of the Series Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series Bonds and provided other advice to the Agency. The Financial Advisor does not underwrite or trade bonds and will not engage in any underwriting activities with regard to the issuance and sale of the Series Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness, of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

UNDERWRITING

RBC Capital Markets, LLC, Piper Sandler & Co., Wells Fargo Bank, National Association and J.P. Morgan Securities LLC (collectively, the “Underwriters”) will purchase from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds at an aggregate purchase price of $__________ (which price reflects an underwriting discount of $_____ and net original issue premium of $______). The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than the public offering prices stated on the inside front cover hereof.

Each of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Agency, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in those securities and instruments. Those investment and securities activities may involve securities and instruments of Agency.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing compensation, as applicable, with respect to the Series Bonds with WFA. WFBNA also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate, Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company (“WFC”).

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of WFC and its subsidiaries, including WFBNA, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately
WFBNA is serving both as one of the Underwriters and as Trustee under the Indenture (which includes acting as paying agent for the Series Bonds). WFBNA will be compensated separately for serving in each capacity. On March 23, 2021, WFC announced that it had entered into a definitive agreement to sell its Corporate Trust Services business to Computershare Ltd.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series Bonds that that firm sells.

MISCELLANEOUS

This Official Statement is submitted in connection with the offering of the Series Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statement made or incorporated in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of any of the Series Bonds.
The execution and delivery of this Official Statement have been duly authorized by the Agency.

MINNESOTA HOUSING FINANCE AGENCY

By ____________________________

Commissioner

Dated: ____________, 2021.
APPENDIX A

SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE

The Indenture contains various definitions, covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions.

Certain Defined Terms

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth, (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Indenture, or (iii) requesting or directing the Trustee or other party to take action pursuant to the Indenture.

Agency Resolution: A copy of a resolution certified by an Authorized Officer to have been duly adopted by the members of the Agency and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Authorized Officer: The Chairperson, Vice Chairperson, Commissioner or Deputy Commissioner of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bond Compliance Agreement: A Bond Compliance Agreement, if any, entered into by the Agency and a borrower with respect to a loan funded with proceeds of Bonds deemed to be “private activity bonds” under the Code.

Bond Counsel: Any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds selected by the Agency.

Bond Fund: The Bond Fund created under the Indenture within the Agency’s Housing Development Fund.

Bondowner: A Person in whose name a Bond is registered in the Bond Register.

Business Day: Any day (a) other than a Saturday, Sunday or other day that is a legal holiday in the State, and (b) on which banks in the city in which the designated principal corporate trust office of the Trustee are located are not required or authorized by law to be closed.

Code: The Internal Revenue Code of 1986, as amended and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Default: An Event of Default and an event or condition, the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

Fiscal Year: The 12-month period commencing July 1 and concluding on June 30 in the next succeeding calendar year, or any other 12-month period designated by the State as its fiscal year.

Government Obligations: Direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury).

Interest Payment Date: The date on which interest is payable on any Bonds (other than upon redemption of a Bond on a date other than a regularly scheduled interest payment date).

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency’s moneys:
(a) Government Obligations;

(b) Obligations (i) that are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including the Trustee) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such depository has combined capital and surplus of at least $75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks that are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in clause (a), (b) or (d) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least $75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in clause (a), (b) or (d) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Outstanding Bonds.

Opinion of Counsel: A written opinion of counsel selected by the Agency and acceptable to the Trustee or selected by the Trustee.

Outstanding: When used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Owners of such Bonds; provided that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Bonds which have been defeased within the meaning of the Indenture; and

(iv) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the Agency shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Owner: With respect to any Bond, the Bondowner.
Person: Any individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Program Fund: The Program Fund created under the Indenture.

Rating: With respect to any Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Indenture, and an action that does not “impair” the Rating with respect to any Bonds shall be an action that will not cause the Rating Agency to lower, suspend or withdraw the rating it has assigned to the Bonds.

Rating Agency: Any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Bonds issued pursuant to the Indenture.

Rebate Fund: The Rebate Fund created under the Indenture.

Record Date: The 15th day, whether or not a Business Day, of the month immediately preceding the month in which each Interest Payment Date, or any Redemption Date, occurs.

Redemption Date: When used with respect to any Bond to be redeemed, the date fixed for such redemption by or pursuant to the Indenture.

Redemption Price: When used with respect to any Bond to be redeemed, the price at which it is to be redeemed pursuant to the Indenture.

Sinking Fund Payment Date: A date set forth in any applicable provision of the Indenture or a Supplemental Indenture for the making of a mandatory principal payment for the redemption of a Term Bond.

Special Record Date: A date fixed by the Trustee pursuant to the Indenture for the payment of any interest not paid at its Stated Maturity.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

Tax Exemption Agreement: A Tax Exemption Agreement, if any, entered into by the Agency and a borrower with respect to a Loan funded with proceeds of Bonds not deemed to be “private activity bonds” under the Code.

Term Bonds: Any Bond for the payment of the principal of which mandatory payments are required by a Supplemental Indenture to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

Trust Estate: The assets, revenues and other property pledged pursuant to the Granting Clauses of the Indenture.

Program Fund: The Agency by the Indenture establishes an account with the Trustee to be designated the “Program Fund,” as a subaccount of the housing infrastructure bond account established by the Act, and is required to deposit with the Trustee to the credit thereof proceeds of the Series Bonds as provided in the Indenture. Income and profit from the investment of moneys in the Program Fund shall be credited to such Fund. The moneys in the Program Fund shall be held in trust by the Trustee and applied to the funding of the Housing Infrastructure Loans and payment of costs of issuance of the Series Bonds. The Trustee shall create specific accounts within the Program Fund, upon receipt of an Agency Certificate, to fund specific Housing Infrastructure Loans. The Trustee shall pay each item payable from the applicable account in the Program Fund to the Agency or at the Agency’s direction, or shall make arrangements for the transfer and deposit of the amount for such payment, as the Agency shall request. Upon receipt by the Trustee of an Agency Certificate stating that all amounts to be paid with respect to Housing Infrastructure Loans financed by
Bonds of such series has been paid, any balance remaining in the Program Fund with respect to such Bonds shall be transferred to the Bond Fund.

**Bond Fund**

The Agency by the Indenture establishes, and is required to maintain, so long as any of the Bonds are outstanding, with the Trustee, a separate account within the Agency’s Housing Development Fund to be designated the “Housing Infrastructure State Appropriation Bond Fund,” as a subaccount of the housing infrastructure bond account established by the Act, into which the Agency and Trustee shall make certain deposits pursuant to the Indenture, including, as received each year, all Housing Infrastructure State Appropriations paid by the State. The moneys and investments in the Bond Fund are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of, premium (if any) on and interest on the Bonds, as and when such principal, premium and interest shall become due and payable. Except as otherwise provided in the Indenture (see “Compensation of Trustee” and “Application of Revenues and Other Moneys After Event of Default” hereinafter), so long as all principal, premium and interest on the Bonds have been paid when due, and the amount in the Bond Fund is sufficient to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year, upon the written direction of the Agency pursuant to an Agency Certificate, the Trustee may use moneys in the Bond Fund in excess of such amount to pay fees, charges and expenses with respect to the Bonds. Upon the written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a Sinking Fund Payment Date on either of the next two Interest Payment Dates after such purchase, provided that such Bonds are delivered to the Trustee for cancellation upon such purchase.

**Investment of Moneys in Program Fund and Bond Fund**

The Trustee shall invest the moneys on deposit in the Program Fund or held as a part of the Bond Fund, respectively, at the written request and direction of an Authorized Officer in Investment Obligations. The type, amount and maturity of Investment Obligations shall conform to any instructions of the Authorized Officer. The Trustee may, from time to time, cause any such investments to be sold or otherwise be converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to the respective Fund. Any interest or profit derived from investments shall be credited to the respective Fund. Investments permitted under the Indenture may be purchased from the Trustee or from any of its affiliates. No portion of the Program Fund or the Bond Fund representing proceeds of the Bonds shall be invested or used in such manner that no part of a series of Bonds would be “arbitrage bonds” under the Code; the Trustee may conclusively rely on the written direction of an Authorized Officer as to compliance with the Code. The Trustee shall be entitled to assume that any investment that at the time of purchase is an Investment Obligation remains an Investment Obligation thereafter, absent receipt of written notice or information to the contrary. If no investment direction is received for a Fund, the funds shall be held uninvested. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment for a Fund made in accordance with the Indenture.

**Rebate Fund**

The Trustee shall establish a special fund designated as the “Rebate Fund.” The Rebate Fund is not a trust fund, is not part of the Trust Estate and is not subject to the lien of the Indenture. For each series of Bonds that is subject to the rebate requirements of Section 148(f) of the Code, or its equivalent, a separate account shall be established in the Rebate Fund. The Trustee shall make information regarding the investments thereunder available to the Agency and shall make deposits in and disbursements from the Rebate Fund in accordance with written instructions in an Agency Certificate delivered from time to time, shall invest the Rebate Fund pursuant to said written instructions, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund. The Trustee shall upon receipt of an Agency Certificate transfer moneys from the Bond Fund or moneys representing interest income from the Program Fund, as directed by the Agency Certificate, to the Rebate Fund in the amount of any required deposit. Records of transactions with respect to the separate account within the Rebate Fund for a series of Bonds shall be retained by the Trustee until six years after the Bonds of such series are no longer outstanding.
Payment of Bonds

The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture and in each and every Bond executed, authenticated and delivered thereunder; will pay or cause to be paid, solely from the Trust Estate, including Housing Infrastructure State Appropriations, the principal of, premium (if any) on and interest on every Bond issued thereunder on the dates, at the places and in the manner prescribed in the Bonds in any coin or currency that, on the respective dates of payment of such principal and interest, is legal tender for the payment of public and private debts; and will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Bond in amounts sufficient to pay such installment; provided, however, that the principal of and interest on any Bond are not and shall not be an indebtedness or other obligation of the State and the Bonds are not public debt of the State, and the full faith and credit of the State are not pledged to their payment or for any annual transfers of Housing Infrastructure State Appropriations to the Agency. The Agency covenants that it will take all actions required by the Act to cause the Housing Infrastructure State Appropriations to be received on or prior to the dates such amounts are required to pay, with other amounts available in the Bond Fund, principal of and interest of Outstanding Bonds and will deposit all Housing Infrastructure State Appropriations as received in the Bond Fund.

Covenant to Request Housing Infrastructure State Appropriations

On or prior to each June 30 while any Bonds remain Outstanding, the Agency covenants that it will certify to the Commissioner of Management and Budget of the State the amount of principal, premium, if any, and interest on each series of the Bonds, and the fees, charges, and expenses related to each series of the Bonds, payable in the next succeeding Fiscal Year, less the amount on hand in the Bond Fund and available to pay such amounts.

Covenants Relating to Housing Infrastructure Loans

The Agency covenants that the proceeds of the Bonds will be used solely to pay costs of issuance of the Bonds, to pay interest on the Bonds prior to the first date Housing Infrastructure State Appropriations are received and to fund Housing Infrastructure Loans meeting such criteria for Housing Infrastructure State Appropriations as shall be set forth in Section 462A.37 of the Act. Proceeds of the Bonds may also be used for other purposes authorized by the Act as amended from time to time.

Tax Covenants with Respect to Series Bonds

The Agency shall not use or permit the use of any proceeds of the Series Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities, obligations, or other investment property, and shall not use or permit the use of any amounts received by the Agency or the Trustee with respect to the Series Bonds in any manner, and shall not take or permit to be taken any other action or actions, that would cause the Series Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. The Agency acknowledges that the Series Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable regulations to preserve the exclusion of interest on the Series Bonds from gross income for federal income tax purposes.

The Agency shall not use or permit the use of any proceeds of the Series Bonds or any other funds of the Agency, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, that would result in any Development financed with proceeds of the Series Bonds not being treated as a “qualified residential rental project” as such phrase is used in Sections 147(a)(7) and 142(d) of the Code. In furtherance of this covenant the Agency will enter into a Bond Compliance Agreement with respect to each Housing Infrastructure
Loan to be funded with the proceeds of the Series Bonds in order for the interest on the Series Bonds to be excluded from gross income of the owners for purposes of federal income taxation.

Events of Default

Each of the following events is defined as, and is declared to be and to constitute, an “Event of Default” under the Indenture:

(a) If payment of the principal of, or premium, if any, on any of the Bonds, when the same shall become due and payable, whether at Stated Maturity or upon a Sinking Fund Payment Date, or otherwise, shall not be made.

(b) If payment of any interest on the Bonds when the same shall become due and payable shall not be made.

(c) If default shall be made in the performance or observance of any other of the covenants, agreement or conditions on the part of the Agency in the Indenture, or in the Bonds contained, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than 10% in principal amount of the Bonds Outstanding, provided that if (i) the Agency is proceeding with due diligence to remedy the same, (ii) the default is able to be remedied, and (iii) the Agency has commenced action during the 60-day period necessary to remedy such default, such 60-day period shall be increased to such extent, but not more than an additional 180 days, as shall be necessary to enable the Agency to cure the default through the exercise of due diligence.

(d) The Agency shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

(e) The State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Indenture, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

Remedies

Upon the occurrence and continuation of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(a) Suit upon all or any part of the Bonds;

(b) Suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners;

(c) Suit to enjoin any acts or things that may be unlawful or in violation of the rights of the Bondowners; and

(d) Enforcement of any other right of the Bondowners conferred by law or by the Indenture.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts that may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Indenture.
Application of Revenues and Other Moneys After Event of Default

The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee, as promptly as practicable after receipt thereof, any Housing Infrastructure State Appropriations and other payments or receipts pledged under the Indenture. During the continuation of an Event of Default the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of duties under the Indenture;

(b) To the payment of the interest and principal or Redemption Price then due and payable on Outstanding Bonds, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Outstanding Bonds that shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Outstanding Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever all principal amounts of and interest on all Bonds have been paid under the above provisions, and any required arbitrage rebate and all fees, expenses and charges of the Trustee have been paid, any balance remaining under the Indenture shall be paid to the Agency.

Majority of Bondowners Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Bondowners of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture and provided that nothing in the Indenture shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper.

Individual Bondowner Action Restricted

No Bondowner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

1. an Event of Default has occurred (a) under section (a) or (b) of the Events of Default subheading above, (b) as to which the Trustee has actual notice, or (c) as to which the Trustee has been notified in writing, and

2. the Bondowners of at least a majority in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and

3. such Bondowners shall have offered the Trustee indemnity, and
the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

No one or more Bondowners shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the equal benefit of the Bondowners of all Bonds Outstanding appertaining thereto.

Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of a Bondowner (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Bondowner may institute or prosecute any such suit or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, accounts and properties pledged under the Indenture for the equal and ratable benefit of all Bondowners.

Waiver and Non-Waiver of Event of Default

No delay or omission of the Trustee or of any Bondowner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power and remedy given by the Indenture with respect to remedies to the Trustee and the Bondowners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Bondowners of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one series of Bonds shall at the time be Outstanding, the Bondowners of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default under the Indenture and its consequences; provided, however, that except under the circumstances set forth in the paragraph above, a default in the payment of the principal, or Redemption Price, if any, of or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Owner of such Bond.

In case of any waiver by the Trustee of an Event of Default under the Indenture, the Agency, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with these provisions.

Notices of Defaults

Within 10 Business Days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee has actual notice or is deemed to have notice, the Trustee, unless such Event of Default shall have theretofore been cured, shall give written notice thereof by first class mail to each Owner of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondowners. The Trustee shall immediately notify the Agency of any Default or Event of Default known to the Trustee.

Trustee May Rely Upon Certain Documents and Opinions

Except as otherwise specifically provided in the Indenture, the Trustee may rely and shall be protected in acting upon certain resolutions, certificates, statements, instruments, opinions, reports, notices, requests, consents,
orders, bonds or other papers or documents and may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel. Before being required to take any remedial action, the Trustee may require an opinion of counsel reasonably acceptable to it, which opinion of counsel shall be made available to the other parties to the Indenture upon request, or a verified certificate of any such party, or both concerning proposed actions.

Compensation of Trustee

All advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust created by the Indenture and reasonable compensation to the Trustee for its services in the premises, including extraordinary fees such as default fees, if any, shall be paid by the Agency from the Trust Estate. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. The Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond issued under the Indenture, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created thereby and exercise and performance of the powers and duties of the Trustee thereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The Trustee’s right to receive compensation, reimbursement, indemnification of money due and owing under the Indenture shall survive the Trustee’s resignation or removal.

Resignation or Removal of Trustee

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Agency 30 days’ notice in writing, and to the Bondowners 30 days’ notice by certified mail at its or his address as set forth on the registration books of such resignation, specifying a date when such resignation shall take effect. Such resignation shall take effect on the day specified in such notice, if a successor Trustee has been appointed, or upon such later date as a successor is appointed. If no successor Trustee shall have been appointed and have accepted appointment within 90 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee may petition a court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee may be removed at any time by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by either (i) the Agency, if it is not then in Default under the Indenture; or (ii) the Owners of a majority in principal amount of the Bonds then Outstanding.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee, and a successor may be appointed by either (i) the Agency, if it is not then in Default under the Indenture; or (ii) the Owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Trustee and notification thereof being given to the Agency. In the event the Trustee has been removed by action of the Bondholders, until a new Trustee shall be appointed by the Bondholders as authorized in the Indenture, the Agency may, subject to the provisions thereof, appoint a Trustee to fill such vacancy. After any such appointment by the Agency, the Trustee so appointed shall cause notice of its appointment to be mailed within 30 days of such appointment to the Owners of the Bonds, and any new Trustee so appointed by the Agency shall immediately and without further act be superseded by a Trustee appointed in the manner above provided by the Owners of a majority in principal amount of said Bonds whenever such appointment by said Bondholders shall be made.

If, in a proper case, no timely appointment of a successor Trustee shall be made pursuant to the foregoing provisions the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor trustee.
Payment and Discharge of Indenture

If the Agency, its successors or assigns, shall

(a) pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing with the Trustee at or at any time before maturity amounts sufficient in cash and/or in Government Obligations (the principal and interest on which when due and payable or redeemable at the option of the holder thereof) and without consideration of any reinvestment thereof shall be sufficient to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds Outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the Outstanding Bonds to be called for redemption not surrendered or to be surrendered to it for cancellation has been given or waived as provided in the Indenture, or that arrangements satisfactory to the Trustee have been made ensuring that such notice will be given or waived, or (2) a written instrument executed by the Agency and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Agency, or (3) file with the Trustee a waiver of such notice of redemption signed by the Owners of all of such Outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in the Indenture, the entire amount of the Redemption Price, in cash and/or Government Obligation (which do not permit the redemption thereof at the option of the issuer) in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of such Redemption Price on the date such Bonds are to be redeemed, and on such prior dates when principal of and interest on the Outstanding Bonds is due and payable, or

(d) surrender to the Trustee for cancellation all Outstanding Bonds for which payment is not so provided, and shall also pay all other sums due and payable under the Indenture by the Agency,

then and in that case, if all required arbitrage rebate has been paid in respect of the Bonds, all the Trust Estate shall revert to the Agency, and the entire estate, right, title and interest of the Trustee and of the Owners of the Bonds shall thereupon cease, determine and become void; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or securities shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Agency, and at its cost and expense, execute to the Agency, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Agency all cash and deposited securities, if any (other than cash or securities for the payment of the Bonds and interest thereon), which shall then be held under the Indenture as a part of the Trust Estate.

In case of any discharge of the lien of the Indenture pursuant to paragraphs (b) or (c) above, there shall be submitted to the Trustee an opinion of Bond Counsel to the effect that the interest on the Bonds being discharged will not become includable in gross income for federal income tax purposes.

Bonds Deemed Not Outstanding After Deposits

When there shall have been deposited at any time with the Trustee in trust for the purpose, cash or Government Obligations the principal and interest on which shall be sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due dates for such interest or to the date fixed for redemption, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be Outstanding thereunder; and it shall be the duty of the Trustee to hold the cash and securities so deposited for the benefit of the Owners of such Bonds.

Purposes for Which Supplemental Indentures May be Executed

The Agency, by Agency Resolution, and the Trustee from time to time and at any time, subject to the conditions and restrictions contained in the Indenture, may enter into such indentures supplemental thereto as the
Agency may or shall deem necessary or desirable without notice to or consent of any Bondowner for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency in the Indenture or any Supplemental Indenture other covenants and agreements to be observed by the Agency that are not contrary to or inconsistent with the Indenture or the applicable Supplemental Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Agency that are not contrary to or inconsistent with the Indenture or the applicable Supplemental Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Indenture;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture or any Supplemental Indenture, of the Housing Infrastructure State Appropriations or of any other part of the Trust Estate;

(e) To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any Supplemental Indentures that may be defective or inconsistent with any other provision contained in the Indenture or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Indenture or any Supplemental Indenture as the Agency may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture or any Supplemental Indenture and which shall not impair the security of the same;

(f) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding, however, the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939;

(g) To provide for the issuance of Bonds pursuant to the Indenture;

(h) To make any other change in the Indenture as shall not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

The Trustee shall not enter into a Supplemental Indenture under these provisions unless it obtains an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Indenture and is authorized or permitted by the Indenture.

Modification of Indenture with Consent of Bondowners

Subject to the terms and provisions below, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental thereto as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or deleting in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that, notwithstanding any other provision of the Indenture, nothing therein contained shall permit or be construed as permitting, without the consent of the Owners of all Outstanding Bonds affected thereby, (i) an extension of the maturity of any Bond issued under the Indenture, or (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (iii) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of

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the Bonds required to consent to Supplemental Indentures, or (vi) a reduction in the aggregate principal amount of
the Bonds required to waive an Event of Default.

If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the
time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as
provided in the Indenture, no Owner of any Bond shall have any right to object to the execution of such
Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or
in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency
from executing the same or from taking any action pursuant to the provisions thereof.
APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

General

The Depository Trust Company, New York, New York (“DTC”), is to act as securities depository for each series of the Series Bonds. The ownership of one fully registered Series Bond of each series for each maturity in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., DTC’s partnership nominee. So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Series Bonds of a series, references herein to the Bondowners, Owners or registered owners of the Series Bonds mean Cede & Co. or such other nominee and do not mean the Beneficial Owners (as hereinafter defined) of the Series Bonds.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of beneficial ownership interests in the Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series Bond (the “Beneficial Owner”) is to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series Bonds, except in the event that use of the Book-Entry System for Series Bonds of a series is discontinued as described below.

To facilitate subsequent transfers, all Series Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series Bonds with DTC and their registration in the name of Cede & Co. or such other nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts those Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. For every transfer and exchange of beneficial ownership in the Series Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.
Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series Bonds of a series and maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in the Series Bonds of the series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor other DTC nominee) will consent or vote with respect to any Series Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal and redemption price of and interest on the Series Bonds will be made to Cede & Co., or other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the bond issuer or trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of the Participant and not of DTC, the Trustee or the Agency, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee, disbursement of the payments to Direct Participants will be the responsibility of DTC, and disbursement of the payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Under the Indenture, payments made by or on behalf of the Agency to DTC or its nominee will satisfy the Agency’s obligations to the extent of the payments so made.

The above information contained in this Appendix B is based solely on information provided by DTC. No representation is made by the Agency, the State or the Underwriters as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

The Agency, the State, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities Exchange Commission, and the current “Procedures” of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Agency, the State, the Underwriters nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of, or interest on the Series Bonds; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Owners of Series Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Series Bonds; or (6) any consent given or other action taken by DTC as a Bondowner.
**Discontinuation of Book-Entry System**

DTC may discontinue its book-entry services with respect to all or any series of the Series Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under those circumstances, that series of Series Bonds are required to be delivered as described in the Indenture. The Beneficial Owner, upon registration of those Series Bonds held in the Beneficial Owner’s name, will become the Bondowner.

The Agency may determine to discontinue the system of book entry transfers through DTC (or a successor securities depository) for all or any series of the Series Bonds. In that event, the Series Bonds of that series are to be delivered as described in the Indenture.
APPENDIX C

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKINGS

The following statements are extracted provisions of the Continuing Disclosure Undertaking (the “Disclosure Undertaking”) to be executed by the Agency in connection with the issuance of the Series Bonds. The Agency and the Minnesota Department of Management and Budget (“MMB”) have entered into a separate Continuing Disclosure Agreement (the “State Agreement”) under which MMB has agreed to undertake the Annual Financial Information Disclosure in order that the Agency can satisfy the Annual Financial Information Disclosure obligation described below.

Purpose

This Disclosure Undertaking is executed and delivered by the Agency for the benefit of the holders and owners (the “Bondowners”) and the Beneficial Owners of the Series Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule. There is no obligated person other than the Agency that is a party to the Disclosure Undertaking.

Definitions

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

(a) “Annual Financial Information” means the following financial information and operating data (to the extent not included in Audited Financial Statements): the information in Appendix B to the State of Minnesota Official Statement dated September [], 2021 included as Appendix E to the Official Statement of the Agency relating to the Series Bonds, Appendix C to such State Official Statement and Appendix F to such State Official Statement.

(b) “Annual Financial Information Disclosure” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as described under “Annual Financial Information Disclosure” herein.

(c) “Annual Financial Information Disclosure Date” means December 31 of each year, beginning December 31, 2021.

(d) “Audited Financial Statements” means the audited financial statements of the State, prepared pursuant to the standards and as described under the caption “Annual Financial Information Disclosure.”

(e) “Beneficial Owners” means (1) in respect of a Series Bond subject to a book-entry-only registration system, any person or entity that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series Bond (including persons or entities holding Series Bonds through nominees, depositaries or other intermediaries), or (b) is treated as the owner of the Series Bond for federal income tax purposes, and such person or entity provides to the Trustee evidence of such beneficial ownership in form and substance reasonably satisfactory to the Trustee; or (2) in respect of a Series Bond not subject to a book-entry-only registration system, the registered owner or owners thereof appearing in the bond register maintained by the Trustee, as Registrar.

(f) “Commission” means the Securities and Exchange Commission.


(h) “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term “Financial Obligation” shall not include
municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

(i) “Listed Event” means the occurrence of any of the events with respect to the Series Bonds set forth below:

1. Principal and interest payment delinquencies;
2. Nonpayment-related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);
13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(j) “Listed Events Disclosure” means dissemination of a notice of a Listed Event as described under the heading “Listed Events Disclosure” in this Appendix C.

(k) “MSRB” means the Municipal Securities Rulemaking Board.
(l) “Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series Bonds.

(m) “Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

(n) “Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

(o) “Undertaking” means the obligations of the Agency described under the headings “Annual Financial Information Disclosure” and “Listed Events Disclosure” in this Appendix C.

Annual Financial Information Disclosure

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below), on or before each Annual Financial Information Disclosure Date, to the MSRB.

The Agency shall deliver such information in Prescribed Form and by such time so that the MSRB receives the information by the Annual Financial Information Disclosure Date.

If any part of the Annual Financial Information can no longer be generated because the operations of the State to which it is related have been materially changed or discontinued, the Agency shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents, including official statements of debt issues of the State or related public entities, which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB by the Annual Financial Information Disclosure Date. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by the Disclosure Undertaking, including for this purpose a change made to the fiscal year-end of the State, the Agency will disseminate a notice to the MSRB of such change in Prescribed Form.

Listed Events Disclosure

The Agency shall disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series Bonds or defeasance of any Series Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series Bonds pursuant to the Indenture.
Consequences of Failure of the Agency to Provide Information

The Agency shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondowner or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Series Bonds or the Indenture or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance. None of the agreements or obligations of the Agency or of the State shall be construed to constitute a waiver of the State’s sovereign immunity or a waiver of any of the limitations contained in Minnesota Statutes, Section 3.736, except as provided under the laws of the State. Neither a default by the Agency under the Disclosure Undertaking nor a default by the State under the State Agreement shall constitute a default or an Event of Default under the Series Bonds or the Indenture.

Amendment; Waiver

Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondowners of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondowners of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

This Disclosure Undertaking shall terminate when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if the Undertaking is so terminated before the final stated maturity of the Series Bonds.

Additional Information

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.
Beneficiaries

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondowners and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

Recordkeeping

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

The State Agreement

Under the State Agreement the State agrees to provide the information needed for the Annual Financial Information which the Agency is required to provide under the Disclosure Undertaking. The State may satisfy this obligation either by providing the Annual Financial Information to the Agency or by identifying any other disclosure document which may be included or incorporated by reference in order to satisfy the Annual Financial Information requirement.
APPENDIX D

FORM OF OPINION OF BOND COUNSEL
[To be dated the date of issuance of the Series Bonds]

Minnesota Housing Finance Agency  
St. Paul, Minnesota 55101  

Re: Minnesota Housing Finance Agency  
State Appropriation Bonds (Housing Infrastructure), 2021 Series A, 2021 Series B, 2021 Series C  
and 2021 Series D

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the “Agency”) in connection  
with the authorization, issuance and delivery by the Agency of its State Appropriation Bonds (Housing  
Infrastructure), 2021 Series A, in the aggregate principal amount of $________ (the “2021 Series A Bonds”), its State  
Appropriation Bonds (Housing Infrastructure), 2021 Series B, in the aggregate principal amount of $________ (the  
“2021 Series B Bonds”), its State Appropriation Bonds (Housing Infrastructure), 2021 Series C, in the aggregate  
principal amount of $________ (the “2021 Series C Bonds”), and its State Appropriation Bonds (Housing  
Infrastructure), 2021 Series D, in the aggregate principal amount of $________ (the “2021 Series D Bonds” and,  
together with the 2021 Series A Bonds, the 2021 Series B Bonds and the 2021 Series C Bonds, the “Series Bonds”).  
The Series Bonds are being issued in accordance with Minnesota Statutes, Chapter 462A, as amended (the “Act”),  
an Indenture of Trust, dated as of August 1, 2013, as heretofore and hereafter amended and supplemented (the  
“General Indenture”), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the  
“Trustee”), and a Tenth Supplemental Indenture of Trust, dated as of September 1, 2021 (the “Supplemental  
Indenture”), by and between the Agency and the Trustee. The General Indenture and the Supplemental Indenture are  
referred to herein, collectively, as the “Indenture.”

The Series Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the  
Indenture. The Series Bonds are subject to redemption prior to maturity, as provided in the Indenture.

The Series Bonds are being issued to make loans to certain recipients (the “Housing Infrastructure Loans”)  
to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of  
related developments, including facilities related and subordinate thereto, with respect to abandoned or foreclosed  
properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition and  
rehabilitation of federally assisted rental housing, and other authorized purposes under the Act; provided, however,  
that a portion of the Housing Infrastructure Loans financed with proceeds of the 2021 Series A Bonds, 2021 Series  
B Bonds and 2021 Series C Bonds will represent “grants” for federal income tax purposes, and the balance of the  
Housing Infrastructure Loans made with proceeds of the 2021 Series A Bonds, the 2021 Series B Bonds and 2021  
Series C Bonds will represent loans to finance projects owned, directly or indirectly, by either Section 501(c)(3)  
organizations or state or local government entities.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and  
other documents we considered necessary as the basis for this opinion, including the Agency’s Resolution No.  
MHFA 21-__, adopted July 22, 2021 (together, the “Bond Resolution”). As to questions of fact material to our  
opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us  
without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the recipients of the  
Housing Infrastructure Loans with the covenants contained in the Indenture and the loan documentation relating to  
each development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body  
corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A,  
as amended; (2) the Bond Resolution has been duly and validly adopted by the Agency; (3) the Indenture has been  
duly authorized and executed and is valid and binding upon the Agency in accordance with its terms, and creates the  
valid pledge and security interest it purports to create with respect to the Revenues, moneys, securities and other  
Funds held and to be set aside under the Indenture; (4) the Series Bonds are duly and lawfully authorized to be  
issued and are valid and binding special, limited obligations of the Agency in accordance with their terms, entitled to
the benefits granted by and secured by the covenants contained in the Indenture, and are payable solely, and equally and ratably, from specified transfers expected to be made by the State of Minnesota (the “State”) pursuant to legislation providing for the appropriation of such transfers from the general fund of the State to the Agency and moneys and securities held from time to time in the funds and accounts established and pledged thereto under the Indenture; and (5) the interest payable on the Series Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2021 Series D Bond is not excluded from gross income for federal income tax purposes of any holder of such bonds who is a “substantial user” of a development financed by such 2021 Series D Bonds or a “related person” thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

Interest on the Series Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals. Interest on the Series Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the Series Bonds. All owners of Series Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the Series Bonds.

Noncompliance by the Agency or the recipient of a Housing Infrastructure Loan financed by the Series Bonds with their covenants in the Indenture or applicable loan documentation relating to a development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the Series Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the Series Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.


Respectfully yours
APPENDIX E

PRELIMINARY OFFICIAL STATEMENT OF THE STATE OF MINNESOTA

DATED AUGUST __, 2021
RESOLUTION NO. MHFA 21-039

RESOLUTION RELATING TO STATE APPROPRIATION BONDS (HOUSING INFRASTRUCTURE); AUTHORIZING THE ISSUANCE AND SALE OF ADDITIONAL SERIES AND APPROVING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZATION OF ADDITIONAL DEVELOPMENTS TO BE FUNDED WITH PROCEEDS OF PRIOR AUTHORIZED SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY (the “Agency”), as follows:

Section 1. Recitals.

1.01. State Appropriation Bonds; Authority; Purpose. The Agency is authorized under Minnesota Statutes, Chapter 462A, including, without limitation, Section 462A.37 thereof, as amended (the “Act”) to issue bonds from time to time (the “State Appropriation Bonds”) secured by standing appropriations of the State of Minnesota (the “State”) for the purpose of financing grants with respect to manufactured home parks and loans to borrowers (the “Borrowers”) to pay for all or a portion of the costs of acquisition, construction, rehabilitation and equipping, as applicable, of related developments, including facilities related and subordinate thereto (the “Developments”), with respect to abandoned or foreclosed properties or for supportive housing, all as defined in the Act, or to finance or refinance the costs of acquisition and rehabilitation of federally assisted rental housing, and other purposes authorized by the Act. Such State Appropriation Bonds shall be equally and ratably secured solely by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture (as hereinafter defined). The State Appropriation Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held under the Indenture (as hereinafter defined), or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the State Appropriation Bonds.

1.02. Authority; Purpose. The Agency desires to issue its State Appropriation Bonds under Sections 462A.37 and 462A.375 of the Act for the purpose of financing loans to Borrowers, who shall be the owners (“Owners”) of the related Developments listed in Exhibit A hereto (or such other entities designated by such Owners which entities agree to make, directly or through intermediaries, corresponding loans to the Borrowers); provided, however, that loans may be made to different or additional Owners with respect to different or additional Developments upon the adoption of a resolution supplemental hereto. The amount of each loan shall be in such amount approved by the Agency and any loan may be forgivable upon such terms as shall be determined by an Authorized Officer of the Agency. The bonds herein authorized shall consist of one or more series of State Appropriation Bonds of the Agency, the first of which is to be designated as “State Appropriation Bonds (Housing Infrastructure), 2021 Series C,” in the aggregate principal amount to be determined pursuant to the terms of Section
2.02 of this resolution. Additional series of State Appropriation Bonds issued pursuant to this resolution shall be designated “State Appropriation Bonds (Housing Infrastructure), “__Series __” and completing the first blank with the calendar year of issuance and the second blank with an uppercase letter as appropriate for the order of such issuance. The maximum collective aggregate principal amount of all series of State Appropriation Bonds issued pursuant to this resolution shall not exceed $100,000,000; the number of series of State Appropriation Bonds and their corresponding principal amounts shall be as determined by the Authorized Officer (as defined herein) pursuant to Section 8 of this resolution, and as set out in the Supplemental Indenture delivered pursuant to this resolution. All such series of State Appropriation Bonds issued pursuant to this resolution are the “Series Bonds.”

The Series Bonds will be secured solely, and equally and ratably with the Agency’s State Appropriation Bonds hereafter authorized, by the pledge of certain appropriations expected to be made by the State pursuant to the Act and other available funds under the Indenture. The Series Bonds will not constitute or give rise to a pecuniary liability of the Agency, except to the extent of appropriations from the State made pursuant to the Act and received by the Agency and other funds held and pledged thereto under the Indenture, or of the State or any political subdivision thereof, or be a general obligation of the Agency or constitute an indebtedness or other obligation of the State or public debt of the State. The full faith and credit and taxing powers of the State are not pledged to the payment of the Series Bonds.

1.03. Sale of Series Bonds. The Agency will negotiate for the sale of the Series Bonds to RBC Capital Markets, LLC, J.P. Morgan Securities LLC, Piper Sandler & Co. and Wells Fargo Bank, National Association (collectively, the “Purchasers”). The Agency will issue and sell the Series Bonds to the Purchasers pursuant to one or more Contracts of Purchase to be entered into between the Agency and the Purchasers (the “Purchase Contract”), subject to the parameters set forth in Section 2.02 hereof.

1.04. Documentation. The Series Bonds will be issued pursuant to the Indenture of Trust dated as of August 1, 2013, by and between the Agency and the Trustee (hereinafter defined) and relating to State Appropriations Bonds (Housing Infrastructure) (as amended and supplemented, the “Master Indenture”). Draft forms of the following documents (collectively and together with the Master Indenture, the “Bond Documents”) relating to the State Appropriation Bonds and the Series Bonds have been prepared and submitted to the Agency and are hereby directed to be filed with the Agency:

(a) A proposed form of a Supplemental Indenture of Trust (the “Supplemental Indenture”), to be entered into between the Agency and the Trustee, to establish the form and terms of one or more series of the Series Bonds (the Master Indenture and the Supplemental Indenture are collectively referred to herein as the “Indenture”);

(b) A proposed form of the Purchase Contract between the Agency and the Purchasers relating to the sale and purchase of one or more series of the Series Bonds;

(c) A proposed form of a Continuing Disclosure Agreement to be entered into by the Agency and the Trustee; and
(d) A proposed form of Agreement to be entered into between the Agency and the State regarding the State’s agreement to provide annual updates of financial information and operating data of the State contained in or incorporated in the Official Statement (as hereinafter defined).

Section 2. Authorization of the Series Bonds and Approval of the Bond Documents.

2.01. Authorization. To provide sufficient funds to be used and expended for the purposes set forth in Section 1.02, the Agency is hereby authorized to issue the Series Bonds in an aggregate principal amount not to exceed $100,000,000. The Agency is hereby authorized to sell the Series Bonds to the Purchasers to provide funds to be used to make a loan to or for the benefit of each of the Owners to finance the Developments and pay costs of issuance of the Series Bonds.

2.02. Terms of Series Bonds. The Series Bonds shall be initially dated the date of delivery to the Purchasers and shall be in the form prescribed by the Indenture. The final terms of the Series Bonds have not been established as of the date of adoption of this resolution. Any of the Chair, the Commissioner or the Chief Financial Officer of the Agency (each an “Authorized Officer”) is hereby authorized to approve the final terms of the Series Bonds, including the redemption provisions of the Series Bonds, subject to the following parameters:

   (i) the principal amount of each series of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of $100,000,000;

   (ii) the maturity schedule of each series of the Series Bonds (including any mandatory sinking fund redemption schedule); provided that the Series Bonds mature at any time or times in such amount or amounts not later than August 1, 2043;

   (iii) the interest rates borne by each series of the Series Bonds; provided that the true interest cost on a series of the Series Bonds does not exceed 5.00% per annum; and

   (iv) the fee or other compensation payable to the Purchasers of the Series Bonds; provided that the fee or other compensation does not exceed 1.00% of the principal amount of the applicable series of Series Bonds.

Such approval shall be conclusively evidenced by the execution of the applicable Purchase Contract with the Purchasers by an Authorized Officer.

2.03. Approval of Bond Documents. The forms of the Bond Documents are hereby approved, subject to such modifications as are deemed appropriate and approved by an Authorized Officer, subject to the limitations contained in Section 2.02, which approval shall be conclusively evidenced by execution of the Bond Documents by an Authorized Officer. Copies of all the documents shall be delivered or filed as provided therein. An Authorized Officer is also authorized and directed to execute such other documents and certificates as may be required to give effect to the transactions herein contemplated.
2.04. Preliminary Official Statement; Official Statement. The Agency has also received and examined a draft Preliminary Official Statement containing information relating to the Agency, the State and the Series Bonds. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and the use thereof by the Purchasers in the public offering of the Series Bonds is hereby approved. A final Official Statement, substantially in the form of the Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer and insertion of the terms of the Series Bonds as provided in the Purchase Contract, is approved and authorized to be signed by an Authorized Officer, and furnished to the Purchasers for distribution to investors.

Section 3. Appointment of Trustee. Wells Fargo Bank, National Association serves as Trustee under the Indenture and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Indenture, in trust for the owners of the State Appropriation Bonds, including the Series Bonds and any additional bonds issued and to be issued thereunder.

Section 4. General Tax Covenant. The Agency covenants to not take, or permit or cause to be taken, any action that would adversely affect the exclusion of interest on the Series Bonds from federal income taxation, and to take or cause to be taken any action within its control necessary to maintain such exclusion.

Section 5. Authentication of Proceedings. The Chair, Commissioner or Chief Financial Officer and other officers of the Agency are authorized and directed to furnish to the Purchasers and bond counsel certified copies of all proceedings and records of the Agency relating to the Series Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and validity of the Series Bonds as such facts appear from the books and records in the officers’ custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Agency as to the truth of all statements of fact contained therein.

Section 6. Limitations of the Agency’s Obligations. Notwithstanding anything contained in the State Appropriation Bonds, the Series Bonds or the Bond Documents, the State Appropriation Bonds, including without limitation, the Series Bonds, shall not constitute general obligations of the Agency and shall not be payable from nor constitute a charge, lien or encumbrance, legal or equitable, upon any funds or any property of the Agency other than the appropriations of the State specifically pledged to the payment thereof pursuant to the Bond Documents and the Act and any other funds held under the Indenture expressly pledged thereunder to such payment, and no holder of the State Appropriation Bonds, including without limitation, the Series Bonds, shall ever have the right to enforce payment thereof against any property of the Agency other than those rights and interests of the Agency which have been pledged to the payment thereof pursuant to the Indenture.

Section 7. Advance of Agency Funds. If the Agency desires to fund loans before proceeds of the Series Bonds are available therefor, Agency funds legally available therefor shall be advanced by the Agency to fund such loans in anticipation of the issuance of the Series Bonds, and proceeds of the Series Bonds shall be used, to the extent required, to reimburse the Agency funds or accounts from which such advance was made.
Section 8.  Discretion of Authorized Officer.  An Authorized Officer shall determine the number and aggregate principal amount of each series of the Series Bonds, subject to the limitations in Section 2.02 of this resolution.  Notwithstanding anything contained in the foregoing sections of this resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell any of the Series Bonds authorized pursuant to this resolution (subject to any applicable provisions of any purchase contract theretofore executed), then such Series Bonds will not be issued or sold in accordance with this resolution.

Section 9.  Approval of Additional Developments for State Appropriation Bonds (Housing Infrastructure) Authorized Pursuant to Resolution No. MHFA 19-038 and Resolution No. MHFA 20-032.  Section 1.02 of each of the Agency’s Resolution MHFA 19-038 and Resolution MHFA 20-032, each relating to prior authorized series of State Appropriation Bonds (collectively, the “Prior Authorizing Resolutions”) provides that proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolutions may be used to finance loans to Borrowers, who shall be the Owners of Developments (a) listed in Exhibit A of each respective Prior Authorizing Resolution, and (b) different or additional Developments upon the adoption a resolution supplemental to such Prior Authorizing Resolutions.  The Agency herein approves the Developments listed in Exhibit A of this resolution as different and additional Developments eligible to receive loans made from proceeds of State Appropriation Bonds authorized pursuant to the Prior Authorizing Resolutions; this Section 9 shall act as a resolution supplemental to each of the Prior Authorizing Resolutions.

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Adopted by the Minnesota Housing Finance Agency this 22nd day of July, 2021.

By______________________________
   Chairman

Attest: _____________________________
   Commissioner

[Resolution No. MHFA 21-039]
## EXHIBIT A
### DEVELOPMENTS AND OWNERS

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<thead>
<tr>
<th>Development</th>
<th>Owner^2</th>
<th>Location (MN)</th>
<th>Type of Development</th>
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<tr>
<td>Anoka Senior Housing</td>
<td>Anoka VOA Affordable Housing LP</td>
<td>Anoka</td>
<td>Senior Multifamily; New Construction</td>
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<tr>
<td>Cascade Apartments</td>
<td>Cascade, LLLP</td>
<td>Fergus Falls</td>
<td>Preservation Multifamily; Acquisition/Rehab</td>
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<td>Minneapolis</td>
<td>Senior Multifamily; New Construction</td>
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<td>Fergus Falls HRA</td>
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<td>Supportive Multifamily; New Construction</td>
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<td>Heritage Court Apartments of North Branch LP</td>
<td>North Branch</td>
<td>Senior Multifamily; New Construction</td>
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<td>545 Snelling, LLC</td>
<td>Saint Paul</td>
<td>Supportive Multifamily; Acquisition/Rehab/New Construction</td>
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<td>DCCDA Eagan ELI, LLC</td>
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<td>Saint Cloud</td>
<td>Supportive Multifamily; Behavioral Health; New Construction</td>
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<td>Southwest Minnesota Housing Partnership</td>
<td>Alexandria</td>
<td>Preservation Multifamily; Acquisition/Rehab</td>
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<td>Churches United for the Homeless</td>
<td>Moorhead</td>
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<td>Preservation Multifamily; Rehab</td>
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<td>Supportive Multifamily; New Construction</td>
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<td>Sungold Heights</td>
<td>Resident owned cooperative</td>
<td>Worthington</td>
<td>Manufactured Home Park Infrastructure</td>
</tr>
</tbody>
</table>

^1 In addition, it is anticipated that proceeds of the Series Bonds will be used to make loans to one or more Community Land Trusts to finance the acquisition cost of land upon which is situated, or will be constructed, condominium units, townhouses, or structures consisting of one to four single family dwellings, to be leased to low and moderate income homebuyers.

^2 Or an affiliate thereof or successor thereto.
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