

ORDINANCE NO. 21-_____

AN ORDINANCE BY THE CITY OF COLORADO SPRINGS, COLORADO AUTHORIZING THE ISSUANCE AND DELIVERY OF ITS MULTIFAMILY HOUSING REVENUE NOTE (THE VILLAGE AT SOLID ROCK PROJECT) SERIES 2021A, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$11,200,000, AND ITS MULTIFAMILY HOUSING REVENUE NOTE (THE VILLAGE AT SOLID ROCK PROJECT) TAXABLE SERIES 2021B, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$4,758,000, FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY IN THE CITY OF COLORADO SPRINGS, STATE OF COLORADO AND TO PAY CERTAIN EXPENSES OF SUCH NOTES (AS DEFINED BELOW) ISSUE; APPROVING AND AUTHORIZING EXECUTION OF A LOAN AGREEMENT WITH THE BANK, A LOAN AGREEMENT WITH THE BORROWER, AN ASSIGNMENT AGREEMENT AND A TAX REGULATORY AGREEMENT (EACH AS DEFINED BELOW) WITH RESPECT TO THE NOTES; MAKING FINDINGS AND DETERMINATIONS WITH RESPECT TO THE PROJECT (AS DEFINED BELOW) AND THE NOTES; AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AND REPEALING ALL ACTION HERETOFORE TAKEN IN CONFLICT HEREWITH

WHEREAS, the City of Colorado Springs, in the County of El Paso and State of Colorado (the “City”), is a home-rule city and Colorado municipal corporation; and

WHEREAS, the City is authorized by the County and Municipality Development Revenue Bond Act, constituting Article 3, Title 29, Colorado Revised Statutes, as amended (the “Act”) and the Colorado Supplemental Public Securities Act, Article 57, Title 11, Section 201 *et seq.*, Colorado Revised Statutes, as amended (the “Supplemental Act”), to finance one or more projects (which includes any land, building or other improvement and all real and personal properties) to the end that residential facilities for low- and middle-income persons or families may be provided; and

WHEREAS, the City is further authorized by the Act and the Supplemental Act to issue revenue bonds (defined under the Act to include bonds, notes, or other securities evidencing an obligation and issued under the Act) for the purpose of defraying the cost of financing any project, including the payment of principal and interest on such revenue notes for not exceeding three years, the funding of any reserve funds which the City may deem advisable to establish in connection with the retirement of such revenue notes or the maintenance of the project and incidental expenses incurred in issuing such revenue notes, and to secure payment of such revenue notes as provided in the Act and the Supplemental Act; and

WHEREAS, representatives of 2520 Arlington Apartments LLC, a Wisconsin limited liability company, including any subsidiaries, affiliates, successors or assigns (but only if such subsidiaries, affiliates, successors or assigns are acceptable to the City) (the “Borrower”), have met with officials of the City and have advised the City of the Borrower’s interest in the acquisition, construction, improvement, equipping and placing in service of an affordable

multifamily housing facility consisting of approximately 77 units and containing complete residential facilities, have proposed that the City issue its multifamily housing revenues notes, in one or more series, to finance The Village at Solid Rock (or such other name as designated by the Borrower) (the “Project”), a residential facility for low- and middle-income persons or families located at 2520 Arlington Drive, Colorado Springs, Colorado 80910, which is within the boundaries of the City, and such Project will be owned and operated by the Borrower; and

WHEREAS, the Project constitutes a project under the Act; and

WHEREAS, the City Council has determined that it is in the best interests of the City and its residents to issue revenue notes for the Project, and the City declares its intention to authorize an issue of its Multifamily Housing Revenue Note (The Village at Solid Rock Project) Series 2021A, in the aggregate principal amount not to exceed \$11,200,000 and its Multifamily Housing Revenue Note (The Village at Solid Rock Project) Taxable Series 2021B, in the aggregate principal amount not to exceed \$4,758,000 (collectively referred to herein as the “Notes”), for the purpose of paying the cost of financing the Project, upon such terms and conditions as are contained herein; and

WHEREAS, Pacific Western Bank, as the initial purchaser of the Notes (the “Bank”) will enter into a Loan Agreement (the “Bank Loan Agreement”), by and between the City and the Bank, which will provide for the issuance of the Notes; and

WHEREAS, the Borrower will enter into a Loan Agreement (the “Borrower Loan Agreement”), by and between the City and the Borrower, which will provide for payments sufficient to pay the principal of, premium, if any, and interest on the Notes and to meet other obligations as herein and therein provided; and

WHEREAS, there have been presented to the City Council at this meeting substantially final forms of the following documents: (a) the Bank Loan Agreement; (b) the Borrower Loan Agreement; (c) the Tax Regulatory Agreement (the “Tax Regulatory Agreement”), by and among the City, the Bank and the Borrower; and (d) the Assignment Agreement (the “Assignment Agreement”), by and between the City and the Bank (collectively, the “Loan Documents”)

WHEREAS, the City Council is desirous of authorizing and approving the execution of the agreements and instruments described above and the transactions evidenced thereby; therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO:

Section 1. Ratification of Actions. All action heretofore taken, not inconsistent with the provisions of this ordinance (the “Ordinance”), by the City Council or the officers of the City, directed for the purposes herein set forth, are hereby ratified, approved and confirmed. The City is authorized under the Act and the Supplemental Act to issue and deliver its revenue notes and notes in the form of one or more instruments, such as the Notes, for the purpose, in the manner and upon the terms and conditions set forth in the Act, the Supplemental Act, the Bank Loan Agreement and the Borrower Loan Agreement. The Notes are being issued pursuant to the Act and the Supplemental Act.

Section 2. Findings; Authorizations. The City Council hereby finds and determines, pursuant to the City’s home rule powers and all applicable laws of the State of Colorado, as follows:

(a) The Project is an eligible “project,” as defined in the Act.

(b) The issuance of the Notes will effectuate the public purposes of the City and carry out the purposes of the Act by, among other things, providing residential facilities within the boundaries of the City for low- and middle-income families or persons intended for use as the sole place of residence by the owners or intended occupants.

(c) The Notes are a special, limited obligation of the City payable solely out of the income, revenues and receipts specifically pledged pursuant to the Bank Loan Agreement. The Notes, the premium, if any, and the interest thereon shall never constitute the debt or indebtedness of the City, the State or any political subdivision thereof within the meaning of any provision or limitation of the State Constitution or statutes, shall not constitute nor give rise to a pecuniary liability of the City, the State or any political subdivision thereof or a charge against their general credit or taxing power and shall not constitute a “multiple fiscal year direct or indirect debt or other financial obligation” of the City under Article X, Section 20 of the State Constitution. None of the City, the State or any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Notes or other costs incident thereto. The Notes do not constitute a debt, loan, credit or pledge of the faith and credit or taxing power of the City, the State or any political subdivision thereof.

(d) The Project is necessary, convenient, and in furtherance of the governmental purposes of the City and in the best interests of the City and its inhabitants; and the City Council hereby authorizes the Project.

Section 3. Approval and Execution of Documents; Authorized Officers; Variations in Documents. The Loan Documents, be, and the same are in all respects hereby approved, authorized and confirmed, and the Mayor of the City or his designee or designees is hereby authorized and directed to execute, and the City Clerk of the City is hereby authorized and directed to affix the seal of the City to, and attest, in substantially the forms and content as presented to the City on this date, such documents, but with such changes, modifications, additions and deletions therein as are not inconsistent with the intent of this Ordinance and are approved by bond counsel or the City Attorney, their execution thereof to constitute conclusive evidence of their approval of any and all changes, modifications, additions and deletions from the forms thereof presented at this meeting.

Section 4. Authorization to Issue and Deliver the Notes.

(a) The issuance of the Notes shall be in such principal amount, bear such date and interest rate and shall mature as set forth in the Bank Loan Agreement, provided, however, that the aggregate principal amount of the Notes issued under the Bank Loan Agreement shall not exceed the amount set forth herein. The Notes shall be payable, shall be subject to redemption prior to maturity and shall be in substantially the form as provided in the Bank Loan Agreement. Furthermore, the Notes shall be payable at such place and in such form,

shall carry such registration privileges, shall be executed and shall contain such terms, covenants and conditions, all as set forth in the Bank Loan Agreement. The maximum net effective interest rate payable on the Notes, without regard to any default rate that might be applicable, shall be the lesser of the maximum legal rate of interest or 12.0% (such rate being hereinafter referred to as the "Maximum Rate") and the final maturity of the Notes shall not be more than forty (40) years after the issuance date of the Notes.

(b) The delivery of the Notes pursuant to the terms of the Bank Loan Agreement, be, and the same is in all respects hereby approved, authorized and confirmed, and the Mayor of the City or his designee or designees is hereby authorized and directed to execute the Notes, and the City Clerk of the City is hereby authorized and directed to affix the seal of the City to and attest the Notes and each is hereby authorized to deliver the Notes for and on behalf of the City to the Bank.

Section 5. Compliance with the Act. In connection with the issuance of the Notes, the City hereby makes the following determinations:

(a) that the amounts necessary in each year to pay the principal of and interest on the Notes is dependent upon the rate of interest on the Notes, but in any event shall not exceed the principal amount of the Notes plus interest at the Maximum Rate;

(b) that the Project is located within the corporate limits of the City;

(c) that the terms of the Loan Documents and related security documents require that the Borrower will cause to be maintained, or maintain, the Project and will cause to be carried, or carry, all proper insurance with respect thereto and require the payment of all applicable taxes with respect thereto;

(d) in reliance upon information provided by the Borrower, that the amounts required to be paid by the Borrower under the terms of the Loan Documents will be adequate to retire the Notes; and

(e) that proceeds from the issuance of the Notes will be drawn and paid as set forth in the Loan Documents.

Section 6. Income Determinations. Pursuant to the Tax Regulatory Agreement to be filed of record in the real estate records of El Paso County, Colorado, for federal income tax purposes, at least 40% of the units in the Project will be occupied or available for occupancy by persons and families earning 60% or less of the area median income, based on family size, established annually for the City by the United States Department of Housing and Urban Development ("Median Income") for the time period specified in the Tax Regulatory Agreement.

Section 7. Allocation of Private Activity Bond Volume Cap. The City hereby awards the Project \$11,200,000 of its private activity bond volume cap allocation.

Section 8. Investments. To the extent the proceeds from the sale of the Notes or any special funds from the revenues from the Project are required to be invested and reinvested for any period of time, such investments shall only be in securities and other investments that are permitted

under, and made and held in accordance with, the terms of the Act, Section 11-57-214 of the Supplemental Act, the Bank Loan Agreement, the Borrower Loan Agreement, and the related federal tax certificates from the City and the Borrower.

Section 9. Additional Documents. The officers, employees and agents of the City shall take all action in conformity with the Act necessary or advisable to effectuate the issuance of the Notes and shall take all action necessary or advisable in conformity with the Act to finance the construction, rehabilitation, improvement, equipping and placing in service of the Project and for carrying out, giving effect to and consummating the transactions contemplated by this Ordinance and the Loan Documents, including the execution and delivery of appropriate closing documents, subject to the approval of special counsel to the City. The City Clerk is hereby authorized and directed to attest all signatures and acts of any official of the City in connection with the matters authorized by this Ordinance. The Mayor and his designee(s) are hereby authorized to execute and deliver for and on behalf of the City any and all related agreements, certificates, documents and other papers and to perform all other acts that they may deem necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this Ordinance.

Section 10. No Pecuniary Liability. Nothing contained in this Ordinance or in the Notes, the Loan Documents or any other instrument shall give rise to a pecuniary liability of, or a charge upon the general credit or taxing powers of the City, the State or any other county, municipality or political subdivision of the State. The breach by any party of any agreement contained in this Ordinance, the Notes, Loan Documents or any other instrument shall not impose any pecuniary liability upon, or a charge upon the general credit or taxing powers of the City, the State or any county, municipality or political subdivision of the State, none of which has the power to pay out of its general fund, or otherwise contribute, any part of the cost of financing the Project, or power to operate the Project as a business or in any manner.

Section 11. Supplemental Public Securities Act. Section 11-57-204 of the Supplemental Act provides that a public entity, including the City, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The City Council of the City hereby elects to apply all of the provisions of the Supplemental Act to the Notes.

Section 12. Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Ordinance or the Notes is intended or shall be construed to give to any person, other than the City, the Bank and the Borrower, any legal or equitable right, remedy or claim under or with respect to this Ordinance or any covenants, conditions and provisions herein contained; this Ordinance and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the City, the Bank and the Borrower.

Section 13. Immunity of Officers. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Notes, for the satisfaction of any liability arising from, founded upon or existing by reason of the issue, purchase or ownership of the Notes, shall be had against any Member of the City Council, official, counsel, attorney, trustee, employee, financial advisor or agent of the City or the State, all such liability to be expressly released and waived as a condition of and as a part of the consideration for the issue, sale and purchase of the Notes.

Section 14. Captions. The captions or headings in this Ordinance are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ordinance.

Section 15. Validity of Notes. The Notes shall contain a recital that such Notes are issued pursuant to the Act and the Supplemental Act, and such recital shall be conclusive evidence of its validity and of the regularity of its issuance.

Section 16. Irrepealability. After the Notes are issued, this Ordinance shall be and remain irrepealable until the Notes and the interest thereon shall have been fully paid, canceled and discharged.

Section 17. Severability. If any section, paragraph, clause or provision of this Ordinance and the Loan Documents shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 18. Repealer of Measures. All acts, orders, resolutions, ordinances or parts thereof, in conflict with this Ordinance or with any of the documents hereby approved, are hereby repealed only to the extent of such conflict. This repealer shall not be construed as reviving any resolution, ordinance, or part thereof heretofore repealed.

Section 19. Public Inspection. The City Council deems it appropriate that this Ordinance be published by title and summary prepared by the City Clerk and that this Ordinance be available for inspection and acquisition in the office of the City Clerk.

Section 20. Effective Date. This Ordinance shall be in full force and effect from and after its final adoption and publication as provided by the home rule charter of the City (the “Charter”).

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Introduced, read, passed on first reading and ordered published this ____ day of _____, 2021.

Finally passed: _____
Council President

Mayor's Action:

- Approved on _____.
- Disapproved on _____, based on the following objections:

Mayor

Council Action After Disapproval:

- Council did not act to override the Mayor's veto.
- Finally adopted on a vote of _____, on _____.
- Council action on _____ failed to override the Mayor's veto.

Council President

ATTEST:

Sarah B. Johnson, City Clerk