



**PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM**

PROPOSED MEETING DATE: June 18, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTIONS:

Consideration, discussion, and possible action to ratify the creation of MHPFC TRGP1 LLC and authorize the General Manager to create one or more additional Limited Liability Corporations of the PFC as needed to facilitate the PFC's participation in the Tower Road Apartments development.

BACKGROUND/SUMMARY:

The Tower Road Apartments project financing includes two types of financing related to the PFC: 1) the PFC tax exemption for the development and 2) the issuance of PFC private activity bonds. Both types will require the PFC to function in several different capacities, including property owner and landlord, contractor, and general partner in an entity created to allow for the borrowing of funds to be used for the development.

The financial and legal risks of developing the Tower Road Apartments project are with entities other than the PFC or the City. These risks are assigned to the developer and other entities as a matter of law and by contract. The PFC and City are further shielded from liability by the PFC's participation in the financing and development through various limited liability corporations of the PFC. As noted, these LLCs are how the PFC can participate as landlord for the development, contractor, and general partner for the borrower of funds. This structure is typical of how PFCs provide for the development and financing of projects.

The MHPFC GPTR1 LLC was created before the date of this meeting to meet certain Bond Review Board (BRB) filing requirements. As part of the Tower Road Apartments development, a PFC entity will function as a general partner in the entity that will borrow funds for the project. The BRB required that the name of the PFC's entity be specified in filings due to the BRB on June 13, 2024, as part of its allocation of bond authority. Identification of the LLC required establishing that the name will not be taken before its creation. This PFC LLC will not become part of the borrower entity until a contract has been agreed to and expressly approved by the PFC board. Creation of the entity, as noted, was made initially for identification purposes, and does not obligate the PFC to participate in any financing or otherwise incur financial, legal, or other liability.

For the reasons stated above, it is recommended that the PFC ratify the creation of MHPFC TRGP1 LLC and create additional LLCs to allow participation in the financing and development of the Tower Road Apartments project.

As with MHPFC GPTR1 LLC, creating additional LLCs will not obligate the PFC or the City to enter into contracts or assume any role in the project. Any action of an LLC will require the express prior approval of the Board.

LEGAL REVIEW: Yes, Gregory Miller, Bond Counsel
FISCAL IMPACT: None
PRESENTATION: Yes
ATTACHMENTS: No

PROPOSED MOTION:

Move that the Board ratify the creation of MHPFC GC1 and authorize the General Manager to cause the creation of additional Limited Liability Corporations as convenient or necessary for the PFC to participate in the financing and development of the Tower Road Apartments development.

STAFF RECOMMENDATION: Staff recommends approval