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El Paso County, CO



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**REPORT ON PUBLIC HEARING WITH RESPECT TO PROPOSED ISSUANCE OF  
NOT TO EXCEED \$42,900,000 EL PASO COUNTY, COLORADO  
MULTIFAMILY HOUSING REVENUE BONDS  
(THE CREEK AT COTTONWOOD APARTMENTS PROJECT)**

January 24, 2020

**TO:** Chair of the Board of County Commissioners, El Paso County, Colorado

**FROM:** Crystal LaTier

**I. Summary of Proposed El Paso County, Colorado Multifamily Housing Revenue Bonds (The Creek at Cottonwood Apartments Project)**

**Issuer:** El Paso County, Colorado

**Bond Issue:** Not to Exceed \$42,900,000 Multifamily Housing Revenue Bonds (The Creek at Cottonwood Apartments Project), in one or more series

**Lender:** Merchants Capital Corp.

**Borrower:** Pedcor Investments-2018-CLXIII, L.P., including any subsidiaries, affiliates, successors or assigns thereof

**Bond Counsel:** Kutak Rock LLP

**Purpose of Issue:** (a) the acquisition, construction, improvement and equipping of The Creek at Cottonwood (or such other name as designated by the Borrower), a multifamily housing project consisting of 258 units located at 5975 Karst Heights, Colorado Springs, Colorado, which is within the boundaries of El Paso County, Colorado; (b) funding of any reserve funds which are deemed advisable to establish in connection with the retirement of such revenue bonds or the maintenance of the project; and (c) all incidental expenses incurred in issuing such revenue bonds (collectively, the "Project"). The Project will be owned, operated and principally used by the Borrower.

**Documents & Security:** The Bonds will be issued pursuant to a Financing Agreement, by and among the Issuer, the Borrower the Lender, International City Bank ("ICB") and United Fidelity Bank, fsb ("UFB", and together with ICB, the "Purchasers"). The proceeds of the Bonds will be loaned to the Borrower pursuant to the Financing Agreement to

finance the Project. The Borrower's obligation to make payments on the loan and the mortgage and related collateral securing that obligation are being assigned by the Issuer to the Purchasers upon the payment of the purchase price for the Bonds. The Bonds do not constitute a debt or liability of the Issuer.

## **II. Report of Public Hearing**

A public hearing was held with respect to the plan of finance, the issuance of the Bonds and the Project on Friday, January 24, 2020, at 10:00 a.m., Mountain Time, at the offices of El Paso County, Colorado, Economic Development Division, at 9 E. Vermijo Avenue, Colorado Springs, CO 80903. Notice of such hearing in the form attached hereto as Exhibit A was published on January 15, 2020 in the *El Paso County Advertiser & News*, a newspaper of general circulation in the locale of the Issuer and the Project. No one appeared to speak for or against the Project. The hearing was closed at approximately 10:15 a.m., Mountain Time.

By Crystal LaTier  
Crystal LaTier

**PUBLIC APPROVAL CERTIFICATE**

**NOT TO EXCEED \$42,900,000  
EL PASO COUNTY, COLORADO  
MULTIFAMILY HOUSING REVENUE BONDS  
(THE CREEK AT COTTONWOOD APARTMENTS PROJECT)**

**WHEREAS**, the purpose of this approval certificate is to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") in order to qualify the interest on the Bonds for exclusion from gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code; and

**WHEREAS**, representatives of Pedcor Investments-2018-CLXIII, L.P., including any subsidiaries, affiliates, successors or assigns thereof (the "Borrower"), have represented to the Board of County Commissioners of El Paso County, Colorado (the "Board") that (A) the proceeds of the above-referenced Bonds (the "Bonds"), in one or more series, will be loaned to the Borrower, as part of a plan of finance for the following purposes: (a) the acquisition, construction, improvement and equipping of The Creek at Cottonwood (or such other name as designated by the Borrower), a multifamily housing project consisting of 258 units located at 5975 Karst Heights, Colorado Springs, Colorado, which is within the boundaries of El Paso County, Colorado; (b) funding of any reserve funds which are deemed advisable to establish in connection with the retirement of such revenue bonds or the maintenance of the project; and (c) all incidental expenses incurred in issuing such revenue bonds (collectively, the "Project"); and (B) the Project will be owned, operated and principally used by the Borrower; and

**WHEREAS**, a public hearing was held at 10:00 a.m., Mountain Time on January 24, 2020 (the "Public Hearing") after a Notice of Public Hearing was published for the Public Hearing on January 15, 2020 in the *El Paso County Advertiser & News*, as evidenced by the affidavit of publication attached hereto as Exhibit A; and

**WHEREAS**, after a reasonable public notice was given, the Public Hearing was held and no objections were raised with respect to the plan of finance, the proposed issuance of the Bonds or the financing of the Project;

**NOW, THEREFORE**, based upon all of the foregoing, **ON BEHALF OF THE BOARD**, I HEREBY CERTIFY THAT:

1. The Board is the highest elected legislative body of El Paso County, Colorado and I am the Chair of the Board; and

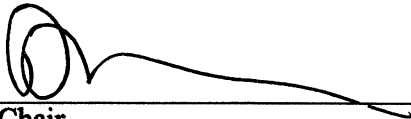
2. The Board has been informed of the purpose for which the Bonds are proposed to be issued and the proceedings of the Public Hearing, and the Board has been informed that no objections were raised with respect to the plan of finance, the proposed issuance of the Bonds or the financing of the Project at the Public Hearing; and

3. On behalf of the Board, I hereby ratify, acknowledge and approve the holding of a public hearing on the Bonds, the plan of finance and the Project; and

4. For the sole purpose of qualifying the interest on the Bonds for exclusion from gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code, on behalf of the Board, I hereby approve the issuance of the Bonds in the principal amount of not to exceed \$42,900,000 (and a like amount of refunding bonds) and the financing of the Project and the plan of finance on behalf of the Borrowers.

IN WITNESS WHEREOF, the undersigned has set his hand as of February 4, 2020.

EL PASO COUNTY, COLORADO

By   
Chair  
Board of County Commissioners

**NOTICE OF PUBLIC HEARING  
CONCERNING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING  
REVENUE BONDS BY  
EL PASO COUNTY, COLORADO  
FOR  
THE CREEK AT COTTONWOOD APARTMENTS PROJECT**

NOTICE IS HEREBY GIVEN that El Paso County, Colorado (the "County") will conduct a public hearing on Friday, January 24, 2020, concerning the approval of a plan of finance entailing the issuance by the County of the tax-exempt Multifamily Housing Revenue Bonds (The Creek at Cottonwood Apartments Project), in one or more series, in an aggregate principal amount not to exceed \$42,900,000 (and a like amount of refunding bonds) (the "Bonds"). Proceeds of the Bonds will be loaned by the County to and used by Pedcor Investments-2018-CLXIII, L.P., including any subsidiaries, affiliates, successors or assigns thereof (the "Borrower"), to finance a portion of the cost of the acquisition, construction, improvement and equipping of a 258-unit multifamily housing project for low- and middle-income families and persons to be known as The Creek at Cottonwood (or such other name as designated by the Borrower, and referred to herein as the "Project") and to be located within the boundaries of the County at 5975 Karst Heights, Colorado Springs, Colorado, to fund certain reserve funds, if any, and to pay certain costs of issuance of the Bonds. The Project will be owned, operated and principally used by the Borrower.

The Bonds will constitute special, limited obligations of the County payable solely from revenues derived by the County from the Borrower. The County will have no financial obligations with respect to the Bonds, and the Bonds will not constitute a multiple fiscal year obligation of the County.

THE BONDS AND THE INTEREST THEREON SHALL NEVER CONSTITUTE THE DEBT OR INDEBTEDNESS OF THE COUNTY, THE STATE OF COLORADO (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE CONSTITUTION OR STATUTES OF THE STATE AND SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THEIR GENERAL CREDIT OR TAXING POWERS.

This notice is intended to comply with the public notice requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended. All interested parties are invited to attend and present comments at the public hearing regarding the plan of finance and the proposed issuance of the Bonds and the Project. The public hearing will be held on Friday, January 24, 2020, at 10:00 a.m. at the offices of El Paso County, Colorado, Economic Development Division, at 9 E. Vermijo Avenue, Colorado Springs, CO 80903. Written comments to be presented at the public hearing may be mailed to the County at 9 E. Vermijo Avenue, Colorado Springs, CO 80903, Attention: Crystal LaTier.

EL PASO COUNTY, COLORADO

Publication Date: January 15, 2020