



WILLMAR



FINANCE

City Office Building
Box 755
Willmar, Minnesota 56201
320-235-4984
FAX: 320-235-4917

**FINANCE COMMITTEE MEETING
4:45 P.M. MONDAY, JANUARY 23, 2012
CITY OFFICE BUILDING, CONFERENCE ROOM #1**

**Chair: Denis Anderson
Vice Chair: Rick Fagerlie**

**Members: Jim Dokken
Tim Johnson**

AGENDA

- 1) Willmar/Kandiyohi County Conduit Financing Request – Dominion Development Project
- 2) Fire Department Donation
- 3) Rice Memorial Hospital Refunding Bond Rating Discussion
- 4) Miscellany
- 5) Adjourn



Dominium Overview

Founded in 1972 by David Brierton and Jack Safar, Dominium is one of the largest and fastest growing apartment development and management companies in the Midwest. Created as a family of companies (Dominium Development & Acquisition, LLC / Dominium Management Services, Inc.), Dominium utilizes a variety of real estate disciplines throughout the development and acquisition process. Dominium has grown substantially over the past several years by becoming a leader in the real estate industry. Since 1991, Dominium has grown from a company with 3,000 apartment units to a company that now owns over 19,000 apartment units. This growth is credited to the company's ability to adapt to an ever-changing real estate market.

- Dominium has been providing development, property management and consulting services since 1972.
- Dominium Development & Acquisition, LLC, was founded in 1999 by David Brierton, Jack Safar, Armand Brachman, and Paul Sween. The company was spun off of the existing management company and focuses solely on the acquisition and development of apartment properties.
- Headquartered in Minneapolis, Minnesota, Dominium Management Services, Inc. has several additional regional offices across the United States dedicated to management support of its properties.
- The Dominium family of companies boasts a professional staff of over 700 employees across the nation.

Dominium Development & Acquisition, LLC, has been highlighted in numerous publications as a innovative and creative privately-owned development firm.

Dominium Development & Acquisition, LLC
Crafting Innovative Solutions to Meet
Challenging Development Needs

Dominium is a Minneapolis-based owner, developer and manager of multi-family rental properties with a solid reputation for innovative, creative approaches to development assignments. During its 35 plus year history, Dominium has built a strong reputation as a creative problem solver, taking on unique development assignments.

With more than 20,000 owned or managed apartment units in 19 states, Dominium is a proven leader in creating effective, long-term solutions for rental-housing needs in communities nationwide.

One Solution Won't Solve Every Problem

At Dominium, we know that every community is different. That's why we approach every potential project with an attention to detail and creative focus you won't find at other firms. Our expert team works to fully explore a diverse range of options and potential solutions.

Working from a strong knowledge base, we customize solutions to meet each community's unique needs. Relying on a deep range of experience, talent and creative thinking, we're willing to work on challenging projects because we believe that we can get the job done. We strive to serve as long-term owners and managers, focusing not on short-term profits, but on helping people and improving the places they live.

From market analysis, site selection, financing, redevelopment, design and construction, to marketing and management, we have experience in every facet of multi-family real estate development. We work to develop and fund each property based on the specific needs of the community and the individual property. We work with you to create financially sound properties that generate successful results.

As our track record shows, we have a strong legacy of solving community rental-housing issues through our creative approach, deep knowledge base and persistent attention to detail.

Proven Successes – A Cut Above the Rest

At Dominium, our experienced development team relishes the challenge of a new project. Put simply, we thrive on the opportunity to generate and implement creative ideas to help communities create strong, successful housing outcomes. We work tirelessly to help you meet your goals. Find out more online at www.dominiuminc.com.

APPLICATION FOR
TAX-EXEMPT FINANCING

(Commercial, Industrial, Private Education or Health Care)

1.
 - a. Business Name: Willmar Leased Housing Associates IV, Limited Partnership
 - b. Business Address: 2905 Northwest Blvd, Ste 150 – Plymouth, MN 55441
 - c. Business Form: Limited Partnership
 - d. Authorized Representative: Paul Sween
 - e. Principal contact person and telephone number: Ron Mehl; 763-354-5656

2. PURPOSE OF REQUESTED FINANCING:
 - a. New Facility (describe): N/A
 - b. Expansion (describe): \$15,000 per unit (est.) rehab. of 144 apartment units
 - c. Refunding (attach explanatory letter): N/A

3. GIVE BRIEF DESCRIPTION OF NATURE OF BUSINESS, PRINCIPAL PRODUCTS, ETC.: Dominion is a multifamily owner/operator with 196 properties totaling more than 20,000 units in 19 states.

4. ESTIMATED PROJECT COSTS: (Not required for refunding)

Land ¹	\$ 1,440,000
Building	8,712,000
Equipment ²	648,000
Architectural, Engineering	136,900
Costs of Issuance	182,240
Capitalized Interest, including discount	416,051
Other ³	6,511,574
 Total Financing Requested	 \$ 13,948,000

¹ Includes \$360,000 for land and \$1,080,000 for current improvements to said land.

² Represents the current value of personal property at the three properties

³ Includes estimated costs including: construction, professional services, tax credit and development fees, required cash reserve accounts, seller note paydown, and closing costs

5. AMOUNT OF FINANCING REQUESTED: \$ 13,948,000 (77% of project costs)

6. TYPE OF FINANCING PROPOSED:

Bonds _____ Tax Exempt Mortgage X

Expected Term of Financing: 15 Years

Security:

Mortgage X

Letter of Credit _____

Guaranty (third party) _____

Guaranty (personal) X (during construction/lease up period)

Unsecured _____

Other (specify) _____

7. BUSINESS PROFILE: (Not required for refunding)

a. Is the business located in the City of Willmar now? Yes

b. Number of employees in City:

1) Before this project: 4

2) After this project: 4

c. Approximate annual sales: N/A

d. Length of time in business: Since 1972

Length of time in business in City: Since 1993

e. Do you have plants in other locations? If so, where? Dominion owns/manages 196 properties in 19 states totaling more than 20,000 units.

8. NAMES OF:

a. Underwriter (name and contact person): Frank Hogan, Dougherty & Company LLC

b. Corporate Counsel: John Stern, Winthrop & Weinstine

c. Underwriter's Counsel: John Stern, Winthrop & Weinstine

9. WHAT IS YOUR TARGET DATE FOR:

- a. Construction start: 3/16/2012
- b. Construction completion: 12/16/2012

10. Attachments:

- a. Project description: Please see additional attachments of project description and financials/projections.
- b. Necessary State or Federal approvals, together with required attachments
- c. Initial application fee – To be provided
- d. Indemnification Letter of Agreement

I certify that the information provided above contains no misrepresentations, omissions or concealments of material facts and that the information given is true and complete to the best of my knowledge. I have been furnished a copy of the Procedure for Application to the City of Willmar Housing and Redevelopment Authority for Private Activity Revenue Bond Financing and is aware of its content and agree to be bound by its terms and the terms of the indemnification letter.

Signature

Date

Title

6/6

OPERATING EXPENSES

51.9% of Gross (Annual)

TOTAL PROJECT COST:	\$ 18,100,000	DEVELOPER EQUITY:	\$ 694,812
DEBT SERVICE:	\$ 491,090	*HARD COSTS:	\$ 10,960,000
LAND VALUE:	\$ 360,000	SOFT COSTS:	\$ 5,200,000

*(Hard Costs are all project costs the IRS has determined to be eligible items for depreciation.)

ANTICIPATED INTEREST RATES:

AMORTIZATION SCHEDULE:

5.85%

30-Year Amortization Schedule

If the project were conventionally financed, what interest rate would you expect to pay?

6.75%

DEPRECIATION METHOD:

SALES ASSUMPTION:

Years: 40 years for real property.

How many years do you plan to hold the property before you sell? 20 Years. At what percent do you feel the value of the project will appreciate? 4% per year.

Type: Straight Line

Amount of Total Basis: \$ 12,520,000

EQUIPMENT:

\$648,000 of project cost is for equipment (e.g., washers/dryers).

ANTICIPATED INCREASES:

Revenue: 2.5% per year

Expenses: 3.0% per year

ANTICIPATED VACANCY RATE:

First Year: 5.00%

After First Year: 5.00%

CONSTRUCTION SCHEDULE

Anticipated construction commencement date: March 16, 2012

Anticipated construction completion date: December 16, 2012

ADDITIONAL INFORMATION:

Waters Edge, Eagle Ridge, and Somerset are three separate properties that will be rolled up into one partnership. This will help to provide substantial cost savings on the financial side of the transaction which will enable us to put more money towards the physical rehabilitation of the properties and the actual units.

I certify that the information provided above contains no misrepresentations, omissions or concealments of material facts and that the information given is true and complete to the best of my knowledge. I have been furnished a copy of the Procedure for Application to the City of Willmar Housing Redevelopment Authority for Private Activity Revenue Bond Financing and is aware of its content and agree to be bound by its terms and the terms of the indemnification letter.

Signature

Date

Senior Developer
Title

Source and Use Summary
Willmar Roll-Up

August 15, 2011

Sources of Funds:

First Mortgage - Series A	\$ 8,188,000
Seller Note - Series B	5,760,000
Low Income Housing Tax Credit Equity	3,146,610
Capitalized Interest & Operations	246,679
GP Loan	-
Soft Fund Lender #1	-
HOME Loan	-
GIC Income	5,853
Deferred Developer Fee	694,011
Total Sources of Funds	\$ 18,041,153

Per Unit

56,361
9,000
7,851
1,743
-
-
-
211
924
125,286

Uses of Funds:

Acquisition Costs	\$ 10,800,000
Construction Costs	2,376,000
Capitalized Interest & Operations	246,679
Financing Costs - Bonds	391,034
Bridge Loan Costs	-
Letters of Credit	-
Cash Accounts	779,710
Professional Services	258,900
Closing costs	24,449
Tax Credit Fees	60,220
Developer Fee	1,558,011
Contractor Fee - to Developer	-
Pay down of Series B Equity Bridge	1,546,150
Total Uses of Funds	\$ 18,041,153

Per Unit

175,000
16,500
171
5,716
-
-
5,013
1,793
170
415
10,820
-
10,757
125,286



**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: _____

Meeting Date: January 23, 2012

Attachments: Yes No

CITY COUNCIL ACTION

Date: February 6, 2012

- Approved Denied
 Amended Tabled
 Other

Originating Department: Fire

Action Requested:

Accept a \$50 donation to the Fire Department and adjust the 2012 operating budget accordingly.

Guiding Principle:

Notification to Council of donation received.

Introduction:

The Willmar Fire Department has received a donation of \$50 from Ms. Elaine Doney.

Background/Justification:

The Willmar Fire Department has received a \$50 donation from Ms. Elaine Doney. Staff asks Council to accept this donation and have the Fire Department's 2012 operating budget adjusted accordingly.

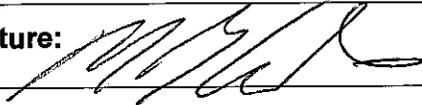
Fiscal Impact: Adjust the Fire Department 2012 operating budget by \$50

Alternatives: N/A

Staff Recommendation: Accept the donation and adjust the Fire Department 2012 operating budget accordingly.

Reviewed by:

Preparer: Marv Calvin, Fire Chief

Signature: 

Comments:

ELAINE M DONEY 02-98
629 RICHLAND AVE SW 235-6278
WILLMAR, MN 56201-5167

5554

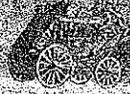
17-1/810 957
4271828569

1-4-2019
Date

Pay to the Order of Fire Dept. \$ 50.00

Fifty & no/100 Dollars

WELLS FARGO
Wells Fargo Bank, N.A.
Minnesota
wellsfargo.com



For Thank you Elaine Doney

⑆091000019⑆ 4271528569⑈ 05554