



**Request for City Council Committee Action  
from the Department of Community Planning  
and Economic Development**

**Date:** November 19, 2013

**To:** Council Member Lisa Goodman, Chair, Community Development Committee  
Council Member Betsy Hodges, Chair, Ways & Means/Budget Committee

**Subject:** Public Hearing on Proposed Greenway Heights TIF Plan and the Related Modification No. 2 to the Lake and Bloomington Redevelopment Plan and Modification No. 1 to the East Phillips Commons, Phase 1 TIF Plan; Issuance of Pay-As-You-Go TIF Note; Approval of Redevelopment Contract Terms; Final Approval to Issue up to \$6,000,000 in Tax Exempt Multifamily Housing Revenue Entitlement Bonds.

**Recommendation:** 1) Adopt the attached Resolution approving the Greenway Heights TIF Plan and the related Modification No. 2 to the Lake and Bloomington Redevelopment Plan and Modification No. 1 to the East Phillips Commons, Phase 1 TIF Plan; 2) Adopt the attached Resolution authorizing the issuance of a Limited Revenue Pay-As-You-Go TIF Note not to exceed \$441,500 for the Greenway Heights Family Housing Project; 3) Amend the 2013 General Appropriation Resolution by establishing the Community Planning & Economic Development agency Fund 01CGW- Greenway Heights (01CGW-8900900) and approving an initial appropriation of \$5,000 in the fund; 4) Approve the redevelopment contract business terms described in this report; 5) Adopt the attached Resolution giving Final Approval to issue up to \$6,000,000 in Tax-Exempt Multifamily Housing Revenue Entitlement Bonds; and 6) Authorize the appropriate City officials to execute any other necessary documents with the Greenway Partners, LLC or an affiliated entity related to the above recommended actions.

**Previous Directives:**

- On October 18, 2013 the City Council gave preliminary approval to issue up to \$6,000,000 of Tax Exempt Multifamily Housing Entitlement Revenue Bonds and approved a Resolution for Hennepin County Housing and Redevelopment Authority to contract with the Greenway Heights developer to provide Midtown Greenway Community Works capital budget to pay for the costs of promenade improvements on the Midtown Greenway.
- On June 14, 2013 the City Council authorized CPED to continue analysis of the Greenway Heights Family Housing proposal to determine if tax increment financing (TIF) assistance is appropriate and justifiable.
- On January 11, 2013, the City Council authorized CPED to accept and appropriate a Metropolitan Council Livable Communities Local Housing Incentive Account (LHIA) Grant (\$300,000) awarded to the City of Minneapolis on behalf of Greenway Heights development; and authorized execution of the appropriate Grant and Sub-recipient Agreements.
- On November 16, 2012, the City Council authorized the appropriate City officials to sign an Acknowledgement of Receptivity to an LCA Funding Award in the event that the

Metropolitan Council awards Livable Communities Local Housing Incentive Account grant funds to the Greenway Heights Family Housing development.

- On November 2, 2012, the City Council approved 2012 Affordable Housing Trust Funds (\$525,000) to the Greenway Heights Family Housing development.
- On February 10, 2012, the City Council approved 2011 Affordable Housing Trust Fund (\$525,000) and Non-Profit Housing Development Assistance (\$30,000) funds to the Greenway Heights Family Housing development.

### Department Information

Prepared by: Dollie Crowther, Principal Project Coordinator (612) 673-5263
Approved by: Thomas A. Streit, Director, Housing Policy & Development _____ Charles T. Lutz, CPED Deputy Director _____
Funding Source and Appropriation Language
Reviewed by Development Finance _____
Presenters in Committee: Dollie Crowther, Principal Project Coordinator

### Financial Impact

Action requires an appropriation increase to the Operating Budget

Dept Name: CPED

Fund Name: Fund 01CGW - Greenway Heights

Amount: \$5,000

The project will generate semi-annual administrative fees from the housing revenue bonds.

As a result of the new development, tax increment generated by the increased value of this property will not be included in the City's general tax base. The tax increment will revert to the City's general tax base when the note is paid in full or in 26 years, whichever occurs first. The City will retain 10% of the tax increment generated each year for the payment of TIF administrative costs.

### Community Impact

Neighborhood Notification: On June 8, 2012, the East Phillips Improvement Coalition (EPIC) forwarded a letter to CPED expressing their full support for this development and the development team. On October 4, 2013, EPIC was notified of the opportunity to review and comment on the proposed Greenway Heights TIF Plan and related plan modifications.

City Goals: A safe place to call home, Many People, One Minneapolis, Connected Communities, enriched environment.

Comprehensive Plan: 3.3: Increase housing that is affordable to low and moderate income households; 4.9: Minneapolis will grow by increasing its supply of housing; 4.11: Minneapolis will improve the availability of housing options for its residents. On October 31, 2013, the City Planning Commission Committee of the Whole found that the TIF Plan and related plan modifications are consistent with *The Minneapolis Plan for Sustainable Growth*. The City Planning Commission is expected to make its finding on November 12, 2013.

Zoning Code: Various zoning changes and variances are being considered. Ultimately, the development will comply prior to closing on this development.

### Supporting Information

This development site is located at the northeast corner of Bloomington Avenue South and the Midtown Greenway (just north of 29<sup>th</sup> Street East) in the East Phillips section of the Phillips neighborhood of South Minneapolis. The site is currently owned by PRG, Inc. and will be sold at closing to the newly formed applicant, Greenway Partners, LLC. The limited liability company is made up of Phoenix Development Company of Minneapolis, LLC, a for-profit entity with its principals: Mr. Loren Brueggemann and Mr. R. Michael Buelow; and PRG, Inc., a local non-profit organization, both having extensive affordable housing

development experience in Minneapolis. The development will consist of the new construction of 42 two, three and four-bedroom apartment units in a four-story elevator building with an additional level of underground parking for up to 42 vehicles. Six (6) surface parking spaces will be provided on site.

This development is a direct response to the locally identified needs of the Phillips Neighborhood. PRG, Inc. stepped up to answer the neighborhood's call when the site was going to be redeveloped in a manner that was inconsistent with the neighborhood needs. With the assistance of the Minnesota Housing's LAAND Program and the Neighborhood Revitalization Program (NRP), the site was acquired in the fall of 2008. Much of the neighborhood's affordable rental housing was lost to foreclosure and the neighborhood decided that the highest and best use of this site was the creation of housing affordable for the local workforce. PRG and Phoenix have worked closely with both the Midtown and East Phillips Neighborhoods and coalitions to find a housing solution that answered the critical need for large family units, was economically feasible, provided a 24/7 presence on the Greenway, added much needed community space, and addressed the loss of so many affordable housing units to the foreclosure crisis. All units will be affordable to households earning up to 50% of the area median income.

The project will be owned by Greenway Partners, LLC which will be formed when the project is syndicated. Actual investors are yet to be identified. The General Partners will include Mr. Brueggeman (45%), Mr. Bruelow (45%) and PRG, Inc. (10%). The project owner will be Greenway Heights Limited Partnership. The equity investor for the tax credits will be City Real Estate Advisors, Inc.

### **Midtown Greenway Improvements**

The Midtown Greenway Land Use and Development Plan require that the entire southern portion of the property be improved with a public access promenade. As this development parcel is narrow, this requirement significantly increases costs by modifying the grading and necessitating retaining walls and landscape modifications to create a separation between the promenade public walkway and the private yards of the project's residences. The promenade requires relocation of a power pole, burial of power lines to allow for the promenade walkway to be installed, and additional lighting and safety improvements. Implementation of these Midtown Greenway guidelines adds approximately \$225,000 to this affordable family housing project. As proposed, Hennepin County capital budget funds, from the Midtown Greenway Community Works project, would be used to assist the Greenway Heights project and help implement the required promenade improvements.

Hennepin County funds would be transferred to the Hennepin County Housing and Redevelopment Authority which would grant funds on a reimbursement basis to the developer for construction of the promenade. This action implements the Midtown Greenway Land Use and Development Plan, assists provision of affordable housing and addresses blight within the Lake and Bloomington Redevelopment Area, and is consistent with Midtown Greenway Community Works. The HCHRA has authority to participate in this project under Minnesota Statutes 383B.77 and 383B.79.

### **Project Financing Overview**

The estimated total development cost of the Greenway Heights Family Housing project is about \$9.2 million. The Housing Revenue Entitlement Bonds requested will carry an automatic 4% Low Income Housing Tax Credit allocation which estimated, will generate \$2,808,000 in syndication proceeds which is additional equity to the project. The developer is requesting up to \$6,000,000 in housing revenue entitlement bonds. There will be two bond series with \$2,745,000 in a Series A Bond which is the permanent debt and will be

supported by project revenues and TIF. The Series B Bonds will be available for interim construction financing and paid off at the time of construction completion from deferred tax credit equity installments, Minnesota Housing deferred loan proceeds and Family Housing Fund deferred loan proceeds. The construction completion generally has a 2-year window. The bonds will be unrated and sold in increments of no less than \$100,000 in a public offering to a mix of retail and institutional investors.

The developer is deferring a large portion of the developer fee to assist with closing any gaps in the financing. Many of the sources of funds are public money that will assist with the construction of the project. The East Phillips Commons neighborhood was instrumental in allocating NRP funds totaling more than \$300,000 to the project. Other public sources include MHFA, Hennepin County, the Met Council and the Family Housing Fund. The syndication of the tax credits, deferred developer fee and 1<sup>st</sup> mortgage represent the equity and private investment in the project. The project is fully funded and the private investment represents 69% of the TDC. The following is the source and amount of funds committed to the project:

**Committed Sources – Public/Private Investment**

City AHTF	\$1,050,000	Loan	Public
Housing Revenue Series A Bonds & TIF	\$2,745,000	Loan	Private
Syndication (LIHTC)	\$2,808,000	Equity	Private
Non-Profit Dev Admin	\$30,000	Grant	Public
Deferred Dev. Fee	\$428,758	Equity	Private
Neighborhood Revitalization Program	\$133,000	Grant	Public
Hennepin County AHIF	\$400,000	Loan	Public
Midtown Greenway Community Work	\$225,000	Grant	Public
Metro Council LHIA	\$300,000	Grant	Public
MHFA EDHC	\$760,000	Loan	Public
Family Housing Fund	\$200,000	Loan	Private
Sales Tax Rebate	\$130,000	Equity	Private

See the attached Project Data Worksheet which provides additional details regarding the proposed development.

**Tax Increment Financing**

The Greenway Heights TIF Plan establishes a new housing TIF district consisting of five parcels within the existing Lake and Bloomington Redevelopment Project. Four of the parcels are being removed from the existing East Phillips Commons, Phase 1 TIF District through Modification No. 1 to the East Phillips Commons, Phase 1 TIF Plan. These four parcels plus one additional parcel will comprise the new Greenway Heights TIF District.

The City of Minneapolis will issue a pay-as-you-go tax increment note to the Borrower for the benefit of the project in the amount of \$441,500. This source will act as an income stream for the debt service. This will increase the amount of supportable Series A Bonds due to the additional revenues. All tax increment generated by this housing development will be pledged to the TIF notes.

The TIF Plan was transmitted for 45 day review to affected neighborhood groups on October 4, 2013. Comments are due back no later than November 18, 2013.

**Proposed Redevelopment Contract Terms**

1. The developer will construct 42 units of affordable workforce housing, consisting of a 4 story elevator, wood frame building including the following additions:
  - a. 42 units will be affordable at 50% of the Area Median Income
  - b. There will be 39 underground parking stalls.
  - c. There will be 16 (2) bedrooms, 22 (3) bedrooms and 4 (4 bedrooms)
2. The City Of Minneapolis will issue a pay-as-you-go tax increment note to the Borrower for the benefit of the project in an amount not to exceed \$441,500 with an anticipated 26 years amortization period commencing at final closing. The TIF Note will run with the Series A permanent loan.
3. The project has been awarded 3 grants/forgivable loans from the Neighborhood Revitalization Program to assist the project and a grant from the Midtown Community Works together totaling \$358,000. Additional funding includes awards from the Metropolitan Council, Hennepin County and the Minnesota Housing Finance Agency. These loans will be non-amortizing 0 or 1% interest due and payable in 30 years.
4. The City of Minneapolis will provide an Affordable Housing Trust Fund deferred loan to the Project of \$1,050,000 bearing a 1% interest rate for a 30 year term.
5. The par amount of the Series A bonds is expected to be \$2,745,000 amortizing over 30 years, while the short term Series B bonds of \$2.625,000 is pledged collateral from the second installment of equity from the limited partner and subordinate loans.
6. The developer has agreed to defer \$428,758 of the developer fee for the benefit of the project.
7. The developer agrees to TIF recapture provisions.

### Housing Revenue Bond Information

The developer has received preliminary approval for entitlement housing revenue bonds and the project has been reviewed and meets the required underwriting standards. There is sufficient bond allocation remaining from Year 2012 and 2013 to provide the requested amount. The request for up \$6,000,000 will allow the developer to maximize his Series A and B bonds if the project warrants additional allocation. Staff anticipates this project will close by year-end 2013. It is expected the Series A bonds will bear an interest at 5.75% while the Series B bonds will be 2.75%.

Bond Purchaser/Underwriter: Dougherty & Company LLC

Bond Counsel: Kutak Rock

Council Member: Gary Schiff (Ward 9)

Equity Investor: City Real Estate Advisors Inc.

<b>HRB ALLOCATION SUMMARY &amp; APPROVAL STATUS</b>	<b>AMOUNT</b>
Remaining Previous Allocation (2012)	\$ 22,988,061
Plus 2013 HRB Entitlement	\$ 45,968,905
<b>Equals Total Available Allocation</b>	<b>\$ 68,956,966</b>
<i>Current Projects</i>	
West Broadway Curve (Final Approval)	\$ (3,800,000)
Hi-Lake Triangle (Final Approval)	\$ (6,500,000)
Seward Square (Final Approval)	\$ (6,500,000)
Five15 on the Park (FKA Currie Park Lofts)	\$ (30,800,000)
Commons @ Penn (Preliminary Approval)	\$ (5,000,000)

<b>Greenway Heights (Final Approval)</b>	\$ (6,000,000)
<b>Total Available Bond Entitlement</b>	<b>\$10,356,966.00</b>

### Project Timeline

MHFA/FHF Funding Secured	October 2013	<b>Exhibits</b>
Final Bond Approval and TIF Approval	November 2013	
Project Closing	December 2013	
Construction Start	December 2013	
Construction Completion	October 2014	
Full Occupancy	January 2015	

1. Project Data Worksheet
2. Proposed Greenway Heights TIF Plan, Modification No. 2 to the Lake and Bloomington Redevelopment Plan, and Modification No. 1 to the East Phillips Commons, Phase 1 TIF Plan
3. Resolution approving the TIF Plan and related plan modifications
4. Resolution authorizing the issuance of the TIF note
5. Resolution giving final approval to issue housing revenue bonds

**RESOLUTION  
Of the  
City of Minneapolis**

**Approving the issuance of a tax increment limited revenue note in substantially the form recited herein in a principal amount not exceeding \$441,500 in connection with the Greenway Heights Family Housing Project.**

Whereas, the City of Minneapolis (the "City"), acting pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, has certain powers, including without limitation the powers set forth in Minnesota Statutes, Sections 469.001 through 469.047, as amended (the "HRA Act") and Minnesota Statutes, Sections 469.174 through 469.179, as amended (the "TIF Act"); and

Whereas, in furtherance of the objectives of the HRA Act, the City has undertaken programs for the clearance and reconstruction or rehabilitation of blighted, deteriorated, deteriorating, vacant, unused, underused or inappropriately used, areas of the City, and the development of housing for persons of low and moderate incomes, and in this connection the City is carrying out a housing development project known as the Greenway Heights Family Housing Project (the "Project") pursuant to Modification No. 2 to the Lake and Bloomington Redevelopment Plan approved December 6, 2013 (the "Redevelopment Plan"); and

Whereas, pursuant to the TIF Act and in furtherance of the Redevelopment Plan, the City has approved the Greenway Heights Tax Increment Financing Plan approved December 6, 2013 (the "TIF Plan"); and

Whereas, pursuant to the TIF Plan and the TIF Act, specifically Minnesota Statutes, Section 469.178, subd. 4, the City is authorized to issue its tax increment limited revenue note(s) to finance the public redevelopment costs of the Project; and

Whereas, the City has entered or will enter into a redevelopment contract (the "Redevelopment Contract") with Greenway Partners, LLC, a Minnesota limited liability company (or an affiliated entity) (the "Developer"), pursuant to which the City will provide tax increment financing assistance and the Developer will develop a 42-unit rental housing project with 42 affordable housing units and related site and public improvements;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

1. That it is desirable that the City issue a tax increment limited revenue note (the "Note") in substantially the following form:

FORM OF TIF NOTE

Greenway Heights Family Housing \_\_\_\_\_  
Tax ID # \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF MINNEAPOLIS

TAX INCREMENT LIMITED REVENUE NOTE  
(Greenway Heights Family Housing Project)

The City of Minneapolis (the "City"), hereby acknowledges itself to be obligated and, for value received, promises to pay to the order of Gateway Commons LLC, a Minnesota limited liability company (or an affiliated entity) (the "Developer"), solely from the source, to the extent, and in the manner hereinafter provided, the principal amount of this Note, being Four Hundred Forty-One Thousand Five Hundred and No/100 Dollars (\$441,500.00) or such lesser amount as may equal the certified Public Costs as described in Section \_\_\_\_\_ of the Contract, with interest at the Note Rate, in the installments specified in this Note, on the Payment Dates.

Capitalized terms not defined elsewhere in this Note shall have the meanings below:

**"Available Tax Increment"** means the Tax Increment received by the City during the period preceding each Payment Date, less (i) the amount of Tax Increment, if any, which the City must pay to the school district, the county and the state pursuant to *Minnesota Statutes*, Sections 469.177, Subd. 9; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time; and (ii) actual administrative costs of the City in an amount not to exceed 10% of the Tax Increment.

**"Certificate of Completion"** means a Certificate issued by the City to the Developer pursuant to Section 5.04 of the Contract certifying that Minimum Improvements have been substantially completed.

**"Contract"** means that certain Redevelopment Contract by and between the City and Greenway Partners, LLC (or an affiliated entity), dated \_\_\_\_\_, 2013.

**"Declaration of Restrictive Covenants"** means the Declaration of Restrictive Covenants executed by the Developer in favor of the City dated \_\_\_\_\_, 20\_\_ that is filed against the Property.

**"District"** means the Greenway Heights Tax Increment Financing District within the Redevelopment Project.

**"Improvements"** means 16 two-bedroom rental housing Units, 22 three-bedroom rental housing Units and 4 four-bedroom rental housing Units plus 38 underground parking spaces and related improvements as described in the Contract.

**"Maturity Date"** means the earlier of (i) February 1 of the year following the final year of Tax Increment collection from the District; and (ii) the date when the principal and interest amount of this Note has been paid in full.

**"Minimum Improvements"** means new construction of 42 rental housing units, 38 underground parking spaces and related improvements as described in the Contract.

**"Note Rate"** means \_\_\_\_\_ and \_\_\_/100th percent (\_\_\_\_%) compounded interest per annum calculated on a 360-day-year basis.

**"Payment Date"** means August 1 of the year of first increment collection from the District and each August 1 and February 1 thereafter until the Maturity Date, provided that in no event will any payment date occur before the City's issuance of the Certificate of Completion under the terms of the Contract.

**"Property"** means the real property legally described in the attached **Exhibit A**, upon which the Minimum Improvements will be constructed.

**"Public Costs"** means actual Public Costs as defined in the Contract, not in excess of \$441,500 related to the Minimum Improvements and which are approved by the City pursuant to the Contract.

**"Public Costs Certification"** means a certificate in substantially the form attached to the Contract, by which the City certifies the Public Costs pursuant to the terms of the Contract.

**"Redevelopment Project"** means Modification No. 2 to the Lake and Bloomington Redevelopment Project, which includes the Property.

**"Tax Increment"** means that portion of the property taxes generated by the Property and Improvements that is actually remitted to the City as tax increment under the Tax Increment Act.

**"Tax Increment Act"** means *Minnesota Statutes*, Section 469.174-469.179, as amended, or any successor statutes applicable to the District.

On each Payment Date, the City shall pay the Developer an installment equal to the lesser of (i) the Available Tax Increment or (ii) the amount necessary to pay the accrued unpaid interest and the unpaid principal amount of this Note in full. If, after issuance of the Certificate of Completion the Developer is in default under the Contract or Declaration of Restrictive Covenants, and, after notice by the City to the Developer as provided in Section 9.02 of the Contract, such default has not been cured within the time period provided in the Contract, then the City may suspend payment on this Note until the default is cured or the City's obligations under this Note are terminated. If payments are suspended due to a Default under the Declaration of Restrictive Covenants, the City is not obligated to pay to the Developer the amount of the suspended payments that would otherwise have been paid to the Developer between the date the payment is suspended and the date the default is cured. Otherwise, if the City suspends payments due under this Note, the City shall make the suspended payments to the Developer within ten (10) business days after the Developer's cure of the Default to the City's satisfaction. In no event is the City obligated to pay interest on the amount of the suspended payments between the date the payment is suspended and the last date on which the City is obligated to make the suspended payment to the Developer. To the extent that on any Payment Date there is insufficient Available Tax Increment to make a scheduled payment, such failure to make a scheduled payment shall not constitute a default under this Note. If the Developer or other Improvements' owner fails to pay all or a portion of the property taxes due and owing on the Improvements, then upon such failure to pay, no interest as required by the Note shall accrue on an amount equal to the amount of the Available Tax Increment that would have been paid to the City had such property tax amounts been paid.

Interest shall accrue on the initial principal amount of this Note from the date of issue of the Public Costs Certification. Each payment under this Note, whether a scheduled payment or any other payment, shall be applied first to current interest, then to accrued unpaid interest and then to the unpaid principal amount of this Note.

On the Maturity Date, this Note shall be deemed paid in full and the City shall have no further obligation under this Note even if the aggregate of the Available Tax Increment that has actually been paid to the Developer on the Payment Dates is less than the full principal and interest amount of this Note. The obligation of the City to make any scheduled

payment shall terminate if and to the extent that the full principal and interest amount of this Note has been paid in full. This Note may be prepaid in full or in part at any time without penalty.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by wire transfer, check or draft made payable to the Developer and mailed to the Developer at \_\_\_\_\_, Minneapolis, MN 554\_\_\_\_, or such other address as the Developer shall provide in writing to the City's notice address as set forth in the Contract.

The Note is a special and limited obligation and not a general obligation of the City, which has been issued by the City pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including *Minnesota Statutes*, Section 469.178, subdivision 4, to aid in financing a "project", as therein defined, of the City consisting generally of defraying certain public redevelopment costs incurred by the Developer within and for the benefit of the Project.

**THE NOTE IS NOT A DEBT OF THE STATE OF MINNESOTA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF MINNEAPOLIS, MINNESOTA, EXCEPT THAT THE CITY SHALL BE OBLIGATED TO MAKE PAYMENTS FROM AVAILABLE TAX INCREMENT AS SET FORTH HEREIN, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE LIABLE ON THE NOTE, EXCEPT FOR THE CITY'S OBLIGATION TO MAKE PAYMENTS FROM AVAILABLE TAX INCREMENT AS SET FORTH HEREIN, NOR SHALL THE NOTE BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN AVAILABLE TAX INCREMENT AS SET FORTH HEREIN.**

This Note shall not be transferred to any person, unless the City has been provided with an opinion of counsel acceptable to the City that such transfer is exempt from registration and official statement delivery requirements of federal and applicable state securities law and an investment letter reasonably acceptable to the City.

This Note shall not be payable from or constitute a charge upon any funds of the City, and the City shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified. No Tax Increment generated by the Property or Improvements shall go toward payment of this Note.

The Developer shall never have or be deemed to have the right to compel any exercise of any taxing power of the City or of any other public body, and neither the City nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance of registration thereof or otherwise.

**IT IS HEREBY CERTIFIED AND RECITED** that all acts, conditions and things required by the Constitution and the laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; that this Note is issued pursuant to the Tax Increment Act; and that this Note together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

**IN WITNESS WHEREOF**, the City of Minneapolis, by action of its City Council, has caused this Note to be executed by the manual signature of its Finance Officer, and has caused this Note to be dated \_\_\_\_\_, 201\_\_.

**CITY OF MINNEAPOLIS**

By \_\_\_\_\_  
Kevin Carpenter  
Its Finance Officer

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney

**EXHIBIT A TO TIF NOTE**  
**Description of the Property**

2. Be It Further Resolved that the form of the Note is hereby approved and shall be executed by the Finance Officer in substantially the form on file, with such changes therein not inconsistent with law as the Finance Officer may approve, which approval shall be conclusively evidenced by the execution thereof.

3. Be It Further Resolved that all actions of the members, employees and staff of the City heretofore taken in furtherance of the issuance of the Note is hereby approved, ratified and confirmed.

4. Be It Further Resolved that the issuance of said Note is hereby approved and the TIF Note is hereby directed to be issued to the Developer (or an affiliated entity) upon the terms and conditions set forth in the Redevelopment Contract.

5. Be It Further Resolved that the Finance Officer is hereby authorized and directed to execute such other documents, agreements and certificates as may be required in connection with the Note.

6. Be It Further Resolved that no provision, covenant or agreement contained in the aforementioned documents, the Note or in any other document related to the Note, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to any pecuniary liability of the City or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the tax increment revenues which are to be applied to the payment of the Note, as provided therein and in the Redevelopment Contract. The Note shall not constitute a charge, lien or encumbrance, legal or equitable upon any property or funds of the City except that revenue and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the Note shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the Note or the interest thereon, or to enforce payment

hereon against any property of the City. The Note shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

7. Be It Further Resolved that the Note, when executed and delivered, shall contain a recital that it is issued pursuant to the TIF Act, and such recital shall be conclusive evidence of the validity of the Note and the regularity of the issuance thereof, and that all acts, conditions and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Note and to the execution of the aforementioned documents to happen, exist and be performed precedent to and in the enactment of this resolution, and precedent to issuance of the Note and precedent to the execution of the aforementioned documents have happened, exist and have been performed as so required by law.

8. Be It Further Resolved that this resolution shall be in full force and effect from and after its date of publication.

**RESOLUTION  
of the  
CITY OF MINNEAPOLIS**

**Authorizing the issuance of bonds, in a principal amount not to exceed \$6,000,000 in the form of the Multifamily Housing Revenue Bonds (Greenway Heights Family Housing Project), Series 2013, in one or more series, and approving and authorizing the execution of various documents in connection therewith.**

Resolved by The City Council of The City of Minneapolis:

1. STATUTORY AUTHORIZATION. The City of Minneapolis, (the "City"), is a municipal corporation and home rule city duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota, and is authorized by Minnesota Statutes, Chapter 462C, as amended (the "Housing Act"), to carry out the public purposes described in the Housing Act by issuing revenue bonds or other revenue obligations to finance multifamily housing developments located within the City. In the issuance of the City's revenue bonds and other revenue obligations and in the making of loans to finance multifamily housing developments, the City may exercise, within its corporate limits, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended.

2. THE BORROWER AND THE PROJECT. Greenway Heights Limited Partnership, a Minnesota limited partnership (the "Borrower"), has requested the participation of the City in the financing of the acquisition, construction and equipping of a new 42-unit multifamily housing facility, located at 2845 Bloomington Avenue South in the City to be owned by the Borrower (the "Project").

3. THE HOUSING PROGRAM. A Program for a Multifamily Housing Development (the "Housing Program") with respect to the Project and the proposed issuance of revenue obligations to finance the Housing Program and the Project was prepared pursuant to the requirements of Section 462C.03, subdivision 1a, of the Housing Act, and is on file with the City. The Housing Program was submitted to the Metropolitan Council for its review and comments in accordance with the requirements of the Housing Act.

4. PUBLIC HEARING AND PRELIMINARY RESOLUTION. The Community Development Committee of the Minneapolis City Council, on behalf of the City, held a public hearing on October 8, 2013 with respect to the Housing Program and the proposed issuance of revenue obligations to finance the Project. The

public hearing was conducted at least fifteen (15) days after the publication in a newspaper of general circulation in the City of a notice of such public hearing. At a meeting held on October 18, 2013, the City Council of the City adopted Resolution 2013R-430 which approved and adopted the Housing Program and granted preliminary approval to the issuance of revenue obligations of the City in a principal aggregate amount not to exceed \$6,000,000 to finance the Project.

5. THE BONDS. The Borrower has requested that the City issue its Multifamily Housing Revenue Bonds (Greenway Heights Family Housing Project), Series 2013, in one or more series, in an aggregate principal amount not to exceed \$6,000,000, for the benefit of the Borrower, pursuant to the terms of one or more Trust Indentures, dated on or after December 1, 2013 (the "Indentures"), between the City and a trustee to be selected by the Borrower (the "Trustee"). The Borrower has requested that the City loan the proceeds derived from the sale of the Bonds to the Borrower pursuant to the terms of one or more Loan Agreements, dated on or after December 1, 2013 (the "Loan Agreements"), between the City and the Borrower. The Borrower proposes to apply the proceeds of the loans made pursuant to the terms of the Loan Agreements (the "Loans") to the payment of a portion of the costs of the acquisition, construction, and equipping of the Project and related costs.

6. OBLIGATIONS OF THE CITY. The City acknowledges, finds, determines, and declares that the issuance of the Bonds is authorized by the Housing Act and is consistent with the purposes of the Housing Act and that the issuance of the Bonds, and the other actions of the City under the Indentures, the Loan Agreements, and this resolution constitute a public purpose and are in the interests of the City. In authorizing the issuance of the Bonds for the financing of the Project and related costs, the City's purpose is and the effect thereof will be to promote the public welfare of the City and its residents by providing multifamily housing developments for low or moderate income residents of the City and otherwise furthering the purposes and policies of the Housing Act. The Bonds will be issued pursuant to the terms of the Indenture and this resolution and the Bonds and the interest on the Bonds: (i) shall be payable solely from the revenues pledged therefor under the Loan Agreements; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City's interest in the Loan Agreements; and (v) shall not constitute a general or moral obligation of the City.

7. ISSUANCE OF THE BONDS. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Bonds in the

maximum aggregate principal amount not to exceed \$6,000,000. The City hereby authorizes the Bonds to be issued as "tax exempt bonds," the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes. The City shall allocate a portion of the annual volume cap within the control of the City to the Bonds pursuant to the terms and conditions of Minnesota Statutes, Chapter 474A, as amended, and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds, substantially in the forms set forth in the Indentures now on file with the City, are hereby approved with the amendments referenced herein. All of the provisions of the Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bonds shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be issued in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such forms, and shall have such other terms, details, and provisions as are prescribed in the Indentures, in the form now on file with the City, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturities of the Bonds, the interest rates on the Bonds, and the terms of redemption of the Bonds) as the Finance Officer, in his discretion, shall determine. The execution of the Bonds with the manual or facsimile signature of the Finance Officer and the delivery of the Bonds by the City shall be conclusive evidence of such determination.

The Bonds shall be special limited obligations of the City payable solely from the revenues provided by the Borrower pursuant to the terms of the Loan Agreements and from the revenues and security pledged, assigned, and granted pursuant to the Indentures and any other security documents provided by the Borrower to the Trustee. As provided in the Loan Agreements, the Bonds shall not be payable from nor charged upon any funds other than the revenue pledged to their payment, nor shall the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Bonds shall ever have the right to compel any exercise by the City of any taxing powers of the City to pay the Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the City except the interests of the City in the Loan Agreements and the revenues and assets thereunder, which will be assigned to the Trustee under the terms of the Indentures. The Bonds shall recite that the Bonds are issued pursuant to the Housing Act, and that the Bonds, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Bonds shall not constitute a debt of the City within the meaning of any constitutional or statutory limitations.

8. THE INDENTURES. The Indentures are hereby approved and the Finance Officer is hereby authorized to execute and deliver the Indentures on behalf of the City. All of the provisions of the Indentures, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Indentures shall be substantially in the form now on file with the City with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the Finance Officer, in his discretion, shall determine, and the execution and delivery thereof by the Finance Officer shall be conclusive evidence of such determination.

9. THE LOAN AGREEMENTS. The Finance Officer is hereby authorized and directed to execute and deliver the Loan Agreements. The loan repayments to be made by the Borrower under the Loan Agreements are to be fixed so as to produce revenues sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. All of the provisions of the Loan Agreements, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Loan Agreements shall be substantially in the forms on file with the City which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, and as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determinations.

10. SECURITY. The City hereby approves the execution by the Borrower and delivery to the Trustee of: (i) any mortgage or security agreements granting a mortgage lien or security interest with respect to the Project or any portion thereof to the Trustee; (ii) one or more collateral assignments of the contracts between the Borrower and the architect and contractor with respect to the Project; (iii) one or more indemnity agreements; and (iv) other security documents that are intended to ensure timely payment of the Loans and the Bonds. The City hereby approves a disbursing agreement, between the Borrower, the Trustee, and a disbursing agent to be selected by the Borrower, to provide for the disbursement of the proceeds of the Bonds and the Loans. All such security documents, if any are delivered, shall be substantially in the forms authorized by the Borrower.

11. THE REGULATORY AGREEMENT. To ensure continuing compliance with certain rental and occupancy restrictions imposed by the Housing Act and Section 142(d) of the Code, and to ensure continuing compliance with certain restrictions imposed by the City, the Finance Officer is hereby authorized and directed to execute and deliver a Regulatory Agreement, dated on or after December 1, 2013 (the "Regulatory Agreement"), between the City, the

Borrower, and the Trustee. The Regulatory Agreement shall be substantially in the form on file with the City which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determinations. All of the provisions of the Regulatory Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

12. OTHER CITY DOCUMENTS. The Finance Officer is hereby authorized to execute and deliver, on behalf of the City, such other documents and certificates as are necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds, including one or more Purchase Contracts, dated on or after the pricing date of the Bonds, between the City, the Borrower, and Dougherty & Company LLC, as original purchaser of the Bonds, various certificates of the City, an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, with respect to the Bonds, a certificate as to arbitrage and rebate, and similar documents, appropriate amendments to the Housing Program, and all other documents and certificates as the Finance Officer shall deem to be necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds. The City hereby authorizes Kutak Rock LLP, as bond counsel to the City ("Bond Counsel"), to prepare, execute, and deliver its approving legal opinions with respect to the Bonds.

13. DISCLOSURE DOCUMENTS. The City will not participate in the preparation of an official statement or other disclosure documents relating to the offer and sale of the Bonds (the "Disclosure Documents"), and will make no independent investigation with respect to the information contained in the Disclosure Documents, including the appendices thereto, and the City assumes no responsibility for the sufficiency, accuracy, or completeness of such information. The City hereby approves one or more Continuing Disclosure Agreements, dated on or after December 1, 2013 (the "Continuing Disclosure Agreements"), between the Borrower and the Trustee, in the forms now on file with the City.

14. SUBSEQUENT AMENDMENTS. On any date subsequent to the date of issuance of the Bonds, the Finance Officer is hereby authorized to execute and deliver any amendments or supplements to any of the documents referred to in this resolution on behalf of the City if, after review by the City Attorney and Bond Counsel, the Finance Officer determines that the execution and delivery of such amendment or supplement is in the interests of the City. The Finance Officer may impose any terms or conditions on his execution and delivery of any such amendment or supplement as the Finance Officer deems appropriate.

15. **LIMITATIONS OF LIABILITY.** No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the City Council of the City, or any officer, agent, or employee of the City in that person's individual capacity, and neither the City Council of the City nor any officer or employee executing the Bonds shall be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No provision, covenant, or agreement contained in the aforementioned documents, the Bonds, or in any other document relating to the Bonds, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to a general or moral obligation of the City or any pecuniary liability of the City or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreements, which are to be applied to the payment of the Bonds, as provided therein.

Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the City, and any holders of the Bonds issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the City, the Borrower, the Trustee, and registered and beneficial owners from time to time of the Bonds issued under the provisions of this resolution.

16. **SEVERABILITY.** In case any one or more of the provisions of this resolution, other than the provisions limiting the liability of the City, or of the aforementioned documents, or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Bonds, but this resolution, the aforementioned documents, and the Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

17. **VALIDITY OF THE BONDS.** The Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Housing Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Bonds, and to the execution of the

aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

18. **ADDITIONAL ACTIONS.** The officers of the City, the City Attorney, Bond Counsel, other attorneys, engineers, and other agents or employees of the City are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Bonds, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the aforementioned documents, and this resolution.

19. **DESIGNATION AS PROGRAM BONDS.** The Bonds are hereby designated "Program Bonds" and are determined to be within the "Housing Program" and the "Program," all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 1997R-402 of the City adopted December 12, 1997.

20. **FEES AND INDEMNIFICATION.** The Borrower has agreed to pay the administrative fees of the City in accordance with the policy and procedures of the City. It is hereby determined that any and all costs incurred by the City in connection with the financing of the Project will be paid by the Borrower. It is understood and agreed by the Borrower that the Borrower shall indemnify the City against all liabilities, losses, damages, costs, and expenses (including attorney's fees and expenses incurred by the City) arising with respect to the Project or the Bonds, as provided for and agreed to by and between the Borrower and the City in the Loan Agreements.

21. **EFFECTIVE DATE.** This resolution shall take effect and be in force from and after its approval and publication. Pursuant to Chapter 4, Section 9, of the Charter of the City, only the title of this resolution and a summary of this resolution conforming to Minnesota Statutes, Section 331A.01, subdivision 10, shall be published in the official paper of the City.

**RESOLUTION  
OF THE  
CITY OF MINNEAPOLIS**

**Approving the Greenway Heights Tax Increment Financing Plan, Modification No 2 to the Lake and Bloomington Redevelopment Plan and Modification No 1 to the East Phillips Commons, Phase 1 Tax Increment Finance Plan.**

Resolved by the City Council of the City of Minneapolis:

Section 1. Recitals

1.1. Pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development, has been granted the authority to propose and implement city development districts, housing and redevelopment projects and tax increment financing ("TIF") districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws").

1.2. By Resolution 2002R-209 duly adopted and approved on June 21, 2002, the Council approved the Lake and Bloomington Redevelopment Plan and the East Phillips Commons, Phase 1 TIF Plan and thereby established the Lake and Bloomington Redevelopment Project and the East Phillips Commons, Phase 1 TIF District. By Resolution 2004R-236 duly adopted and approved on May 28, 2004, the Council approved Modification No 1 to the Lake and Bloomington Redevelopment Plan.

1.3. It has been proposed and the City has caused to be prepared, and this Council has investigated the facts with respect to, the Greenway Heights Tax Increment Financing Plan (the "TIF Plan"), Modification No 2 to the Lake and Bloomington Redevelopment Plan ("Modification No 2") and Modification No 1 to the East Phillips Commons, Phase 1 TIF Plan ("Modification No 1") (collectively, the "Plans"). The TIF Plan creates a new housing TIF district (the "TIF District") within the Lake and Bloomington Redevelopment Project, designates property to be included in the TIF District, states the City's objectives, describes proposed development activity, and identifies a budget for expenditures. Modification No 2 updates the Land Use Plan, the Future Land Use Map and the description of project proposals. Modification No 1 removes four parcels from the East Phillips Commons, Phase 1 TIF District. These actions are all pursuant to and in accordance with the Project Laws.

1.4. The City has performed all actions required by law to be performed prior to the adoption of the Plans, including, but not limited to, a review of the proposed Plans by the affected neighborhood groups and the City Planning Commission, transmittal of the proposed Plans to the Hennepin County Board of Commissioners and the School Board of Special School District No 1 for their review and comment, and the holding of a public hearing upon published notice as required by law.

Section 2. Findings and Election

2.1. The Council hereby finds, determines and declares that the objectives and actions authorized by the Plans are all pursuant to and in accordance with the Project Laws.

2.2. The Council further finds, determines and declares that the Plans conform to the general plan for the development or redevelopment of the city as a whole. Written comments of the City Planning Commission with respect to the Plans were issued on November 12, 2013, are incorporated herein by reference, and are on file in the office of the City Clerk.

2.3. The Council further finds, determines and declares that the Plans will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the redevelopment of the Project Area and TIF District by private enterprise.

2.4. The Council further finds, determines and declares that the land in the Redevelopment Project and TIF District would not be made available for redevelopment without the financial aid and public assistance to be sought.

2.5. The Council further finds, determines and declares that the TIF District is a housing district pursuant to Minnesota Statutes, Section 469.174, Subdivision 11.

2.6. The Council further finds, determines and declares that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

2.7. The Council further finds, determines and declares that the reasons and facts supporting the findings in this resolution are described in the Plans.

2.8. The Council elects the method of computation provided in Minnesota Statutes, Section 469.177, Subdivision 3, Paragraph (a). The Council acknowledges that, by making this election, the entire fiscal disparity contribution required of the City for development occurring within this district will be taken from outside the TIF District.

2.9. The Council hereby finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plans.

### Section 3. Approval of the Plans

3.1. Based upon the findings set forth in Section 2 hereof, the Plans presented to the Council on this date are hereby approved and shall be placed on file in the office of the City Clerk.

### Section 4. Implementation of the Plans

4.1. After passage and publication of this Resolution, the officers and staff of the City and the City's consultants and counsel are authorized and directed to proceed with the implementation of the Plans, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further modifications, plans, resolutions, documents and contracts necessary for this purpose.

4.2. As provided under Minnesota Statutes, Section 469.178, Subdivision 7, this Council hereby authorizes the advance of revenues from other available development revenues of the City in the principal amount needed to offset any negative fund balances incurred with respect to this TIF District as a result of expenditures incurred prior to or in excess of the collection of tax increment revenue. The interest rate paid on such advances shall be equal to the rate of interest those revenues would have generated in

their fund. In no event will the rate of interest charged on the advance exceed the statutory maximum set forth at Minnesota Statutes, Section 469.178, Subdivision 7. The term of this advance shall end upon the termination of the TIF District, although as revenues are available in the fund for the TIF District, the advance shall be offset by such amounts.