



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

Date: November 19, 2013

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

Subject: Five15 on the Park (Formerly Currie Park Lofts): Public Hearing on Proposed Currie Park Redevelopment Plan and TIF Plan and Modification No. 8 to the Cedar-Riverside Urban Renewal Plan; Issuance of Pay-As-You-Go TIF Note; Approval of Redevelopment Contract Terms; Public Hearing on proposed final approval of up to \$30,800,000 in tax exempt multifamily housing entitlement revenue bonds; and Metropolitan Council project funding agreements.

Recommendations:

1. Adopt the attached City Council Resolution approving the Currie Park Redevelopment Plan and the Currie Park Tax Increment Financing (TIF) Plan and Modification No. 8 to the Cedar-Riverside Urban Renewal Plan;
2. Amend the 2013 General Appropriation Resolution by establishing the Community Planning & Economic Development agency Fund 01CCP – Currie Park (01CCP -8900900) and approving an initial appropriation of \$5,000 in the fund;
3. Adopt the attached City Council Resolution authorizing the issuance of a Limited “Pay-As-You-Go” Tax Increment Financing Note to Five15 Limited Partnership in a principal amount not to exceed \$4,955,600;
4. Approve the redevelopment contract business terms described in this report;
5. Adopt the attached City Council Resolution giving final approval of up to \$30,800,000 in tax exempt multifamily housing entitlement revenue bonds;
6. Authorize the appropriate City officials to execute the redevelopment and other funding agreements with Five15 Limited Partnership, based on the terms contained in this report, and all other necessary documents related to the above recommended actions; and
7. Authorize the appropriate City officials to execute amendments to HLAF, LCDA, LCDA-TOD and LHIA funding agreements with the Metropolitan Council for this project to reflect the project description included in this report and to consent to the assignment of HLAF, LCDA, LCDA-TOD and LHIA funding agreements from Currie Park Developments, LLC to Five15 Limited Partnership, which are both affiliates of the developer.

Previous Directives:

- On October 18, 2013, the City Council approved the demolition of the former Gluek Tied House building located at 1500 6th Street South.
- On June 28, 2013, the City Council denied the appeal from the Planning Commission’s approval of the land use application items and approved the Environmental Assessment Worksheet (EAW) findings of fact and the development plans.
- On April 26, 2013, the City Council postponed further land use application decisions and directed staff to move forward in an expeditious manner with the EAW.

- On April 12, 2013, the City Council referred the Five15 on the Park land use applications back to the Zoning & Planning Committee for the determination of the need for an EAW.
- On March 29, 2013, the City Council vacated two sidewalk easements in the Cedar-Riverside area for this project described in Easement Deed Document 4059543, 1097179, and 4063712, Exhibit A, Easements II and III (Vacation File No. 1608).
- On December 14, 2012, the City Council granted an appeal from the decision of the Heritage Preservation Commission to move the former Gluek Tied House building from the project site to 1527 6th St., subject to administrative approval by staff.
- On February 10, 2012, the City Council authorized a loan up to \$1,200,000 from the AHTF for the Currie Park Lofts (Phase 1) project, 515 15th Ave S by Currie Park Development LLC or an affiliated entity.
- On January 27, 2012, the City Council conducted a public hearing and granted preliminary approval to issue tax exempt entitlement housing revenue bonds and directed staff to continue analysis of the project proposal to determine if TIF assistance is appropriate & justifiable.
- On June 17, 2011, the City Council authorized submitting a \$1,010,210 Metropolitan Council Livable Communities Demonstration Account grant application.
- On October 5, 2007, the City Council authorized acceptance of \$370,000 of Hennepin County TOD funds for demolition and site improvements.
- On February 9, 2007, the City Council authorized acceptance of \$341,341 of Metropolitan Council LCDA funds for right of way and site improvements. These funds were relinquished in 2009.
- On March 31, 2006, the Council accepted and appropriated a \$1,720,000 Metropolitan Council Hiawatha Corridor Land Assembly Fund grant for land acquisition.
- In 2006, the City Council awarded \$400,000 from the City's Affordable Housing Trust Fund. This award lapsed in 2010.

Prepared by:	Matt Goldstein, Multifamily Housing Finance Specialist, (612) 673-5075	
Approved by:	Charles T. Lutz, CPED Deputy Director	_____
	Thomas A. Streitz, Director of Housing Development	_____
	Funding Source and Appropriation Language	_____
	Reviewed by Development Finance	_____
Presenter in Committee:	Matt Goldstein, Multifamily Housing Finance Specialist	

Financial Impact

- Action requires an appropriation increase to the ___ Capital Budget or X Operating Budget
 Dept. Name: CPED
 Fund Name: Fund 01CCP – Currie Park
 Amount: \$5,000

Tax increment generated by the increased value of this property, as a result of the new development, 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 October 4, 2013, the West Bank Community Coalition and other community stakeholders were notified of the opportunity to review and comment on the proposed Redevelopment Plan, TIF Plan and Modification. The bond public hearing notice was published on November 2, 2013. The West Bank Community Coalition issued letters dated April 20, 2011 and and September 25, 2012 supporting the project.
- City Goals: A Safe Place to Call Home; Livable Communities, Healthy Lives
- Sustainability Targets: Affordable housing production.
- Comprehensive Plan: *The Minneapolis Plan for Sustainable Growth* contains the following relevant policies, among others that are discussed in the Redevelopment Plan in greater detail:
Policy 1.13: Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places.
Policy 3.1: Grow by increasing the supply of housing. *Policy 3.2:* Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities. *Policy 3.5:* Improve the stability and health of communities of concentrated disadvantage through market building strategies, and strategies that preserve and increase home ownership. On October 28, 2013, the City Planning Commission found that the proposed plans are consistent with *The Minneapolis Plan for Sustainable Growth*.
- Zoning Code: The City Planning Commission, Heritage Preservation Commission and City Council have taken all of the necessary actions to approve the development plans as summarized in the Previous Directives section of this report.

Supporting Information

Five15 Limited Partnership, an affiliate of Fine Associates, proposes to develop Five15 on the Park (formerly known as Currie Park Lofts), a six-story mixed use project, on its property generally located at 515 15th Avenue South between 4th Street South and 6th Street South. The 1.7-acre redevelopment site is between Currie Park and Riverside Plaza, within the Cedar Riverside neighborhood.

Development activity will include construction of a 259-unit six-story mixed-income transit-oriented rental housing project with approximately 4,996 square feet of ground-level commercial space and an underground garage and other structured parking containing a total of 242 stalls and 280 bicycle parking spaces.

At least 20% of the units (or 52 units) will be affordable at 50% of the Area Median Income (AMI), and an additional 30% of the units (or 78 units) will be affordable at 60% of AMI. The remaining 129 units will not have income or rent restrictions. The residential units will be zero-, one-, two- and three-bedroom apartments. Since the 2012 preliminary bond and TIF PAA approval, the unit mix has changed to increase the number of larger units and the number of unrestricted, market rate units has increased. Features of the building will include walk-up units along both 15th Avenue South and 6th Street South, a landscaped courtyard facing 6th Street South, and many green building features such as an innovative surface water management system.

The demolition of the sole existing structure on the site, the building that originally housed the Gluek Brewing Company Saloon and was most recently used as a residence, has been approved by the City Council.

Exhibit 1 contains the Project Data Worksheet which summarizes the project, the unit and affordability configuration, the development team, and the funding sources and uses. Exhibit 2 contains the proposed Redevelopment Plan, TIF Plan, Modification No. 8 to the Cedar-Riverside Urban Renewal Plan, and project sketches. Exhibits 3 through 5 contain documents that are related to the proposed TIF assistance.

Public Benefits of the Project

- Eliminate blighting influences by redeveloping an underutilized vacant property
- Increase the number of housing units and choices within the city
- Adding income restricted affordable housing units
- High density development in close proximity to two rail transit lines, the Blue Line (Hiawatha) and the Green Line (Central Corridor)
- Increase the property tax base
- Creation of a truly mixed income project by creating 129 market rate units in an impacted area

Project Financing Overview

The project financing structure is tax exempt housing revenue bonds with the 4% low income housing tax credit entitlement, private equity and public gap funding. The estimated total development cost of the project is approximately \$52 million. Approximately 80% of the sources are private (including tax credit syndication proceeds, general partner equity and deferred developer fee), and 20% are public sources. All of the project funding has been committed except for the TIF and bonds described in this report. Table 1 below contains a summary of the project’s funding sources that are also included in the Project Data Worksheet which is attached as Exhibit 1.

Table 1. Five15 on the Park Project Sources

FUNDING SOURCE NAME	PUBLIC	PRIVATE	% of TDC	COMMITTED?
CITY AHTF	\$1,200,000		2.3%	Yes
4% LIHTC Syndication Proceeds		\$6,712,110	12.8%	Yes
Tax Exempt Bond - NOI Supported		\$28,487,504	54.3%	No
TIF (Includes Capitalized Interest)	\$4,955,600		9.4%	No
Met Council HLA Funds	\$1,720,000		3.3%	Yes
Hennepin Cty TOD Grants	\$760,000		1.4%	Yes
MHFA Deferred Loan	\$250,000		0.5%	Yes
Family Housing Fund		\$250,000	0.5%	Yes
Met Council LCDA	\$433,771		0.8%	Yes
Met Council LCDA TOD	\$993,229		1.9%	Yes
Met Council LHIA	\$400,000		0.8%	Yes
GP Equity & Deferred Dev. Fee		\$6,316,509	12.0%	Yes
SOURCES SUBTOTAL	\$10,712,600	\$41,766,123		
PERCENTAGE PUBLIC VS. PRIVATE SOURCES	20%	80%		
TOTAL SOURCES	\$52,478,723			

The total developer fee for the project is about \$3,950,000, which is approximately 7.5% of the TDC and in compliance with the AHTF standards. The entire developer fee is deferred as a project source and will be repaid over time by project revenue after all project operation and debt service costs are paid.

The project costs are generally consistent with other new construction projects of this size that have used City funding in the recent past. The development plans and specifications have been released for bidding. Bids with firm construction costs are due on November 22, 2013. The project is expected to close on the funding during the winter.

Proposed TIF Assistance

The Currie Park Redevelopment Plan establishes a new redevelopment project within which the Currie Park TIF District is proposed to be located. The Currie Park TIF Plan establishes a new housing TIF District to help finance various project costs and to establish a budget for the use of tax increment revenue generated by the new TIF District. Modification No. 8 to the Cedar-Riverside Urban Renewal Plan removes the property within the Currie Park Redevelopment Project from the Cedar-Riverside Urban Renewal Area through a project boundary change.

The financing plan for the Five15 on the Park project requires the approval of a TIF pay-as-you-go note of up to \$4,955,600 of principal and a projected interest rate of 4.1%. Because this is a mixed income project with unrestricted units, the TIF Redevelopment Contract will include recapture language. On October 28, 2013, the City Planning Commission reviewed the proposed TIF Plan and Redevelopment Plan and concluded that both were consistent with the Minneapolis Plan for Sustainable Growth.

Risk Assessment

This project has a comparable amount of risk as other new construction mixed income rental housing projects that have been funded by the City. This is a large, new construction redevelopment project with a common financing structure for a mixed income housing project in the City. Significant underwriting of the project has already been completed due to the City's previous AHTF award, preliminary bond approval, and evaluation of the TIF application. Fine Associates has hired experienced financial consultants to assist with the project financing.

Several actions have been taken to reduce the risk associated with the commercial space. First, the proposed neighborhood-oriented commercial uses were selected following community feedback on neighborhood needs. Second, the developer is negotiating leases with three specific users of the commercial space: a child care center, a small ethnic grocery shop, and a small coffee and sandwich shop.

Proposed Redevelopment Contract Terms

1. The developer will develop the Five15 on the Park project consisting of the following:
 - a. At least 20% of the units (52 units) will be affordable at 50% of the Area Median Income (AMI), at least 30% (78 units) will be affordable at 60% of AMI. The remaining units (up to 129) will not carry income or rent restrictions. The residential units will be zero-, one-, two- and three-bedroom apartments.
 - b. A commercial component with approximately 4,996 square feet available for rent.
 - c. A total of 242 parking stalls and 280 bicycle spaces to be provided mostly in an underground garage.
2. The City will provide TIF assistance in the form of one pay-as-you-go note in a principal amount not to exceed \$4,955,600, which contemplates 26 years of increment collection. The developer intends to assign the TIF note to the holder of the first mortgage loan, which is currently proposed to be AFL-CIO Housing Investment Trust.

3. The City has been awarded four grants from the Metropolitan Council for the Five15 on the Park project (\$1,720,000 of HLAf funds, \$433,771 of LCDA funds, \$993,229 of LCDA TOD funds, and \$400,000 of LHIA funds), and the City will enter into a separate loan or grant agreement for each funding source with the developer for these funds.
4. The City will enter into a loan agreement with Five15 Limited Partnership committing \$1,200,000 in deferred loan funding from the City's Affordable Housing Trust Fund program.
5. In addition to LIHTC equity, the developer will provide equity to the project in the approximate amount of \$6,316,509 as general partner equity and deferred developer fee.
6. TIF recapture provisions.

Public Comments on the Proposed Redevelopment and TIF Plans

Those comments on the proposed Currie Park Redevelopment and TIF Plans and Modification No. 8 to the Cedar-Riverside Urban Renewal Plan that were received during the 45 day review period before this report was completed are attached as Exhibit 7. CPED staff will be able to provide an update during the public hearing on additional comments received before the deadline of 12:00 noon on Monday, November 18, 2013.

Proposed Bond Financing

Tax exempt entitlement housing revenue bonds are issued by the City to assist qualified housing projects on a first come, first served basis. The City has adequate remaining housing revenue bond allocation for this project as noted in Table 2 on the following page. Exhibit 6 contains the proposed resolution granting final approval of the bond allocation.

Table 2. Housing Revenue Bond Entitlement & Expenditure Summary

HRB ALLOCATION SUMMARY & APPROVAL STATUS	AMOUNT
Remaining Previous Allocation (2012)	\$ 22,988,061
Plus 2013 HRB Entitlement	\$ 45,968,905
Equals Total Available Allocation	\$ 68,956,966
<i>Less Current Projects</i>	
West Broadway Curve (Final Approval)	\$ (3,800,000)
Hi-Lake (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)
Greenway Heights (Final Approval)	\$ (6,000,000)
Total Available Bond Entitlement	\$10,356,966.00

Tax exempt housing revenue bonds are proposed to finance the construction and will be paid back within two years of issuance. The recommended bond allocation amount of \$30,800,000 is greater than the projected amount of \$28,487,504.00 to create a buffer in case the project costs increase after the bids are received on November 22, 2013. The bonds will not finance the interior build-out of the commercial space. Any unused bond allocation will be made available to future eligible projects.

When the project is completed, the City's bonds will be paid down by the low income tax credit syndication proceeds then replaced by a taxable private bond currently proposed to be provided by the AFL-CIO Housing Investment Trust as the first mortgage. That first mortgage (currently

estimated at \$33,443,104) will have a HUD 221(d)4 loan guarantee and will be repaid over time by net operating income (rents) and tax increment.

The summary of the current bond application for this project is as follows and is subject to change prior to closing:

1. Bond Counsel: Kennedy and Graven, Chartered
2. Underwriter: AFL-CIO Housing Investment Trust
3. Council Member Informed: Yes, Ward 2
4. Project Timetable:
 - a. November 22, 2013: Complete bidding and submit building permit application
 - b. January, 2014: Project closing and construction mobilization
 - c. Fall, 2015: Project completion (17 month construction period)
5. Future City Council Actions: None. This is the final City approval that is required before funding closing and a building permit application may be reviewed.

Metropolitan Council Funding Agreement Changes

The Metropolitan Council has committed \$3,547,000 from four different sources for this project: HIAF (2009, \$1,720,000), LCDA (2012, \$433,771), LCDA-TOD (2012, \$993,229) and LHIA (2011, \$400,000). Since those funding commitments were made, seven project elements have changed which collectively require amendments to the grant agreements:

1. Units: The project's specific mix of unit types have changed to include more two and three bedroom units, the number of market rate units has increased, and the number of income restricted units has decreased;
2. Commercial Space and Jobs: The total commercial square footage and the number of jobs for this phase have been reduced;
3. Timeline: The specific construction timeline has been established at 17 months requiring extensions to some grant periods;
4. Budget: A few of the grant-funded budget line items are expected to change once the construction bids have been received;
5. Contracting Entity: The developer's affiliate that the City will be contracting with has changed from Currie Park Developments, LLC to its limited partnership, Five15 Limited Partnership.

The proposed grant agreement amendments are tentatively scheduled to be discussed by the Metropolitan Council's Community Development Committee on December 16, 2013. Staff is recommending direction to work with the Metropolitan Council and to amend the grant agreements to include the current project description that is included in this report.

Exhibits

1. Project Data Worksheet
2. Proposed Redevelopment Plan and TIF Plan (including development plan sketches) and Modification No. 8 to the Cedar-Riverside Urban Renewal Plan
3. Resolution approving the Redevelopment Plan and TIF Plan and Modification No. 8 to the Cedar-Riverside Urban Renewal Plan
4. Resolution authorizing issuance of the TIF note
5. Site plan and building elevations (included within the TIF Plan)
6. Resolution granting final approval of housing revenue bond
7. Written public comments received during the 45 day review period

EXHIBIT 3

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

Approving the Currie Park Redevelopment Plan, Currie Park Tax Increment Financing Plan and Modification No 8 to the Cedar-Riverside Urban Renewal 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 a resolution duly adopted on September 27, 1968, the City Council approved the Cedar-Riverside Urban Renewal Plan, and thereby established the Cedar-Riverside Urban Renewal Area. Subsequent modifications to the Cedar-Riverside Urban Renewal Plan have been prepared and approved by City Council resolutions.

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 Currie Park Redevelopment Plan (the "Redevelopment Plan"), the Currie Park Tax Increment Financing Plan (the "TIF Plan"), and Modification No 8 to the Cedar-Riverside Urban Renewal Plan ("Modification No 8") (collectively, the "Plans"). The Redevelopment Plan establishes a new redevelopment project and identifies its boundary, redevelopment objectives and land use provisions (the "Currie Park Redevelopment Project" or "Project Area"). The TIF Plan creates a new housing TIF district (the "TIF District") within the Currie Park 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 8 changes the Cedar-Riverside Urban Renewal Area boundary to remove the property located within the TIF District from the Cedar-Riverside Urban Renewal Area. 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 October 28, 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 Project Area 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 Currie Park Redevelopment Project is a redevelopment project pursuant to Minnesota Statutes, Section 469.002, Subdivisions 14 and 16 and that the Project Area is a "blighted area" pursuant to Minnesota Statutes, Section 469.002, Subdivision 11.

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

2.7. 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.

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

2.9. 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.

2.10. 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.

**Resolution
Of the
City of Minneapolis**

Authorizing the issuance of a tax increment limited revenue note in substantially the form recited herein in a principal amount not exceeding \$4,955,600 in connection with the Five15 on the Park Project (fka Currie Park Lofts).

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 469.1799, 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 intends to carry out a redevelopment project known as the Currie Park Lofts Redevelopment Project (the "Project") pursuant to the Currie Park Lofts Redevelopment Plan to be adopted contemporaneously with this resolution on December 6, 2013 (the "Redevelopment Plan"); and

Whereas, in furtherance of the Redevelopment Plan, the City also intends to approve a housing tax increment financing district pursuant to the Currie Park Tax Increment Financing Plan to be adopted contemporaneously with this resolution on December 6, 2013 (the "TIF Plan"); and

Whereas, pursuant to the TIF Act, and 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 Five15 Limited Partnership, a Minnesota limited partnership which has an affiliate of Fine Associates, LLC. as the general partner (the "Developer"), pursuant to which the Developer will develop a 259-unit multifamily rental housing project with structured parking, commercial space, common areas and related improvements in the Project area and the City will provide tax increment financing assistance consistent with the TIF Plan;

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 Note]

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

**TAX INCREMENT LIMITED REVENUE NOTE
(Five15 on the Park Project)**

The City of Minneapolis (the "City"), hereby acknowledges itself to be obligated and, for value received, promises to pay to the order of Five15 Limited Partnership, a Minnesota limited partnership, (or its permitted successors or assigns under the Contract, the "Developer"), solely from the source, to the extent, and in the manner hereinafter provided, the principal amount of this Note, being Four Million Nine Hundred Fifty-Five Thousand Six Hundred and No/100 Dollars (\$4,955,600.00) or such lesser amount as may equal the certified Public Redevelopment Costs, 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 will 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, Subds. 9, 10, and 11; 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 upon substantial completion of the Minimum Improvements.

"Contract" means that certain Redevelopment Contract by and between the City and the Developer dated **[insert date]**.

"District" means the Currie Park (Housing) Tax Increment Financing District within the Redevelopment Project.

"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 an approximately 259-unit multifamily rental housing project with structured parking, commercial space, common areas and related improvements as described in the Contract.

"Note Rate" means an interest rate equal to the bond rate, up to 5.5% per annum, compounded semi-annually.

"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, however, that in no event shall any payments commence before the City's issuance of the Public Redevelopment Costs Certification and the Certificate of Completion.

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

"Public Redevelopment Costs" means actual Public Redevelopment Costs as defined in the Contract, not in excess of \$4,955,600 related to the Minimum Improvements and which are approved by the City pursuant to the Contract.

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

"Redevelopment Project" means the Currie Park Redevelopment Project, which includes the Property.

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

"Tax Increment Act" means *Minnesota Statutes*, Section 469.174-469.1799, 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 an Event of Default by the Developer has occurred under the Contract, then the City may suspend payment on this Note until a) the Event of Default is cured or b) prior to the issuance of the Certificate of Completion, the Contract and the City's obligations under this Note are terminated. If the City suspends payments due under this TIF Note, the City shall make the suspended payments to the Developer within ten (10) business days after the Developer has cured the Event of Default. The City is not 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 Minimum Improvements' owner) fails to pay all or a portion of the property taxes due and owing on the Minimum 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 Redevelopment 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 pursuant to written instructions provided by the Developer or by check or draft made payable to the Developer and mailed to the Developer at 80 South 8th Street, Suite 1916, Minneapolis, MN 55402, 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 OF THE STATE, 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 OF THE STATE, 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 may 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 will 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.

The Developer will 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 will 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 Mayor and 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 _____, 2013.

CITY OF MINNEAPOLIS

By _____
Kevin Carpenter
Its Finance Officer

Approved as to form:

Assistant City Attorney

Developer's Federal Tax ID No. 46-0731226

EXHIBIT A TO NOTE
Legal Description of the Property

Lot 1, Block 1, Five Fifteen Addition

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 are hereby approved, ratified and confirmed.

4. Be It Further Resolved that the sale of said Note to the Developer is hereby approved, and the Note is hereby directed to be sold to the Developer, 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.

EXHIBIT 6

RESOLUTION Of the City of Minneapolis

AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF HOUSING REVENUE OBLIGATIONS TO FINANCE THE FIVE15 ON THE PARK PROJECT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE REVENUE OBLIGATIONS AND RELATED DOCUMENTS; PROVIDING FOR THE SECURITY, RIGHTS, AND REMEDIES WITH RESPECT TO THE REVENUE OBLIGATIONS; AND GRANTING APPROVAL FOR CERTAIN OTHER ACTIONS WITH RESPECT THERETO

RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:

1. **STATUTORY AUTHORIZATION.** The City of Minneapolis, Minnesota (the "City"), is a home rule city and political subdivision 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. **INITIAL PROPOSAL.** On January 27, 2012, the Community Development Committee of the City Council of the City conducted a public hearing on a proposal to grant preliminary approval to the issuance of conduit revenue obligations in a principal amount of approximately \$27,000,000 to finance a multifamily housing development to be comprised of an approximately 270-unit multifamily rental housing development and facilities functionally related and subordinate thereto to be located at 15th Avenue South, between 4th and 6th Streets South in the City. The multifamily housing development was proposed to be owned by Currie Park Developments, Limited Partnership, a Minnesota limited partnership and an affiliate of Fine Associates, LLC, a Minnesota limited liability company. The public hearing was preceded by the publication of a notice of public hearing in the official newspaper of the City and in a newspaper of general circulation in the City at least fifteen (15) days prior to the date of the public hearing. On or before the date of publication of the public hearing, a housing program prepared in accordance with the requirements of the Housing Act was submitted to the Metropolitan Council for its review and comments. On January 27, 2012, the City Council considered and unanimously adopted Resolution 2012R-019 (the "Preliminary Resolution") granting preliminary approval to the issuance of conduit revenue bonds to finance the proposed multifamily housing development.

3. **AMENDMENTS TO FINANCING PLAN.** Between the date of approval of the Preliminary Resolution and the date hereof, certain alterations have been made to the financing plan for the multifamily housing development approved by the terms of the Preliminary Resolution. The multifamily housing development is now proposed to consist of

the acquisition and construction of an approximately 259-unit multifamily rental housing development and facilities functionally related and subordinate thereto, to be located at 15th Avenue South, at the northeast corner of 15th Avenue South and 6th Street South in the City (the "Project"). The Project will also include approximately 4,996 square feet of commercial space, approximately 243 parking stalls for cars, and approximately 280 parking spaces for bicycles. The owner and operator of the Project is now proposed to be another affiliate of Fine Associates, LLC designated as Five15 Limited Partnership, a Minnesota limited partnership, or an affiliate, other related party, or an assign of such limited partnership (the "Borrower"). The principal amount of conduit revenue obligations proposed to be issued by the City to assist in the financing of the Project is now expected to be an amount not to exceed \$30,800,000. As a result of such alterations to the financing plan for the Project and due to the lapse of approximately ten (10) months since the adoption of the Preliminary Resolution, the City and the Borrower have determined to conduct another public hearing with respect to the Project.

4. THE HOUSING PROGRAM. A Program for a Multifamily Housing Development (Five15 on the Park Formerly Known as Currie Park Lofts) (the "Housing Program") with respect to the Project was prepared in accordance with 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.

5. PUBLIC HEARING. The Community Development Committee of the Minneapolis City Council, on behalf of the City, held a public hearing on November 19, 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 the official newspaper of the City (*Finance and Commerce*) and in a newspaper of general circulation in the City (*Star Tribune*) of a notice of such public hearing. The notice of public hearing included the information required by the terms of Section 462C.04, subdivision 2, of the Housing Act, and included the information required by the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code").

6. THE REVENUE OBLIGATIONS. The Borrower has requested that the City issue its revenue obligations (the "Bonds") in a principal amount not to exceed \$30,800,000 to finance the Project. The Bonds are proposed to be designated "Housing Revenue Bonds (Five15 on the Park Project), Series 2013" or such other name as the Finance Officer, in consultation with the Borrower and the initial purchaser of the Bonds, shall determine. The Bonds shall be issued under the terms of a Trust Indenture, dated on or after December 1, 2013 (the "Indenture"), between the City and a trustee to be selected by the Borrower (the "Trustee"). The proceeds derived from the sale of the Bonds are to be applied to make a loan to the Borrower (the "Loan") under the terms of a Loan Agreement, dated on or after December 1, 2013 (the "Loan Agreement"), between the City and the Borrower. The Borrower proposes to apply the proceeds of the Loan to the payment of a portion of the costs of the acquisition, construction, and equipping of the Project and related costs, and to any of the following: (i) payment of a portion of the interest on the Bonds; (ii) funding of one or more reserves to secure the timely payment of the debt service on the Bonds; and (iii) payment of a portion of the costs of issuing the Bonds.

7. 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 Indenture, the Loan Agreement, 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 under 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 Agreement; (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 Agreement; and (v) shall not constitute a general or moral obligation of the City.

8. 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 \$30,800,000. 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 to the Bonds a portion of the annual volume cap within the control of the City under the terms and conditions of Minnesota Statutes, Chapter 474A, as amended, and Section 146 of the Code. The Bonds, substantially in the forms set forth in the Indenture 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 form, and shall have such other terms, details, and provisions as are prescribed in the Indenture, in the form now on file with the City. The form of the Bonds 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 under the terms of the Loan Agreement and from the revenues and security pledged, assigned, and granted in accordance with the terms of the Indenture and any other security documents provided by the Borrower to the Trustee. As provided in the Loan Agreement, 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 Agreement and the revenues and assets thereunder, which will be assigned to the Trustee under the terms of the Indenture. The Bonds shall recite that the Bonds are issued under the provisions of 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.

9. THE INDENTURE. The Indenture is hereby approved and the Finance Officer is hereby authorized to execute and deliver the Indenture on behalf of the City. All of the

provisions of the Indenture, 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 Indenture 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.

10. THE LOAN AGREEMENT. The Loan Agreement is hereby approved and the Finance Officer is hereby authorized and directed to execute and deliver the Loan Agreement on behalf of the City. The loan repayments to be made by the Borrower under the Loan Agreement 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 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. The Loan Agreement shall be substantially in the form 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.

11. 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 Loan and the Bonds. The City hereby approves the execution and delivery by one or more guarantors of one or more guaranty agreements under the terms of which the obligations of the Borrower under the Loan Agreement are guaranteed by such guarantors. 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 Loan. All such security documents, if any are delivered, shall be substantially in the forms authorized by the Borrower.

12. 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.

13. 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 a Purchase Agreement, dated on or after December 1, 2013 (the "Purchase Agreement"), between the City, the Borrower, and the initial purchaser of the Bonds, one or more consents to the assignment of a development agreement, tax increment revenues, and other funds made available to the Borrower and the Project by the City, 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 Kennedy & Graven, Chartered, as bond counsel to the City ("Bond Counsel"), to prepare, execute, and deliver its approving legal opinions with respect to the Bonds.

14. **DISCLOSURE DOCUMENTS.** The City will not participate in the preparation of an official statement or other disclosure document, if any is prepared, relating to the offer and sale of the Bonds (the "Disclosure Document"), and will make no independent investigation with respect to the information contained in the Disclosure Document, including the appendices thereto, and the City assumes no responsibility for the sufficiency, accuracy, or completeness of such information. The City will not participate in the preparation of a continuing disclosure agreement or other continuing disclosure document, if any is prepared, relating to the Bonds, the Project, and the Borrower (the "Continuing Disclosure Document"). The City assumes no responsibility for compliance by the Borrower with its continuing disclosure responsibilities under the Continuing Disclosure Document.

15. **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 the execution and delivery of any such amendment or supplement as the Finance Officer deems appropriate.

16. **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 Agreement, 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.

17. 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 herein or therein.

18. VALIDITY OF THE BONDS. The Bonds, when executed and delivered, shall contain a recital that they are issued under the provisions of 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.

19. ADDITIONAL ACTIONS. The officers of the City, the City Attorney, Bond Counsel, other attorneys, 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.

20. DESIGNATION AS PROGRAM BONDS. The Bonds are hereby designated "Program Bonds" and are determined to be within the "Economic Development 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.

21. 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 Agreement.

22. EFFECTIVE DATE. This resolution shall take effect and be in force from and after its approval and publication. Under the terms of 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.