



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

Date: November 18, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

Referral to: Council Member John Quincy, Chair, Ways and Means Committee

Subject: Broadway Flats: Conduct a public hearing and approve the Broadway Flats TIF Plan; issue a pay-as-you-go TIF note; and approve the redevelopment contract and business terms.

Recommendation:

1. Adopt the attached City Council resolution approving the Broadway Flats Tax Increment Financing (TIF) Plan;
2. Amend the 2014 General Appropriation Resolution by establishing the Community Planning & Economic Development agency fund Broadway Flats (01CFL-8900000) and approving an initial appropriation of \$5,000 in the fund;
3. Adopt the attached City Council Resolution authorizing the issuance of a limited revenue pay-as-you-go TIF note to Broadway Flats, LLLP in a principal amount not exceed \$1,424,300;
4. Approve the proposed redevelopment contract and business terms per this report; and
5. Authorize the appropriate City staff to execute a redevelopment contract, loan agreement and any other necessary documents related to the above recommendation actions with Broadway Flats, LLLP or an affiliated entity.

Previous Directives:

- On February 24, 2012, the City Council authorized the submission of LCDA-TOD and TBRA-TOD grant applications to the Metropolitan Council on behalf of this project, and granted exclusive development rights to Rose Development for the City-owned properties at 2413 and 2423 Penn Avenue North for a period of 24 months.
- On June 29, 2012, the City Council accepted an LCDA-TOD grant in the amount of \$1,536,100 and a TBRA-TOD grant in the amount of \$463,900 that had been awarded by the Metropolitan Council.
- On November 2, 2012, the City Council approved a loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$750,000 for this project.
- On April 26, 2013, the City Council granted exclusive development rights to Rose Development for the City-owned properties at 2425, 2503, 2507 and 2511 Penn Avenue North for a period of 24 months.

- On October 18, 2013, the City Council approved an additional loan from the Affordable Housing Trust Fund (AHTF) in the amount of \$300,000.
- On January 23, 2014, the City Council authorized the submission of an application to DEED's Redevelopment Grant Program on behalf of this project.
- On June 13, 2014, the City Council authorized staff to continue analysis of the TIF application to determine if TIF assistance is appropriate and justifiable, and authorized staff to negotiate the terms and conditions of a redevelopment contract and prepare a TIF Plan and any necessary Redevelopment Plan modifications for the project.
- On August 29, 2014, the City Council authorized the extension of the City's exclusive development rights agreement for the City owned parcels at 2413 and 2423 Penn Avenue North.

Department Information

Prepared by:	Tiffany Glasper, Senior Project Coordinator, 612.673.5221	
Approved by:	Catherine Polasky, Director, Economic Policy & Development	_____
	Charles T. Lutz, CPED Deputy Director	_____
Funding Source and Appropriation Language Reviewed by	Development Finance	_____
Presenter in Committee:	Tiffany Glasper, Senior Project Coordinator	

Financial Impact

- Action requires an appropriation increase to the ___ Capital Budget or X Operating Budget
- Dept Name: Community Planning and Economic Development (CPED)
- Fund Name: 01CFL – Broadway Flats
- Amount: \$5,000

The tax increment generated by the increased value of the properties, occurring as a result of the new construction project, will not be included in the City's general tax base. The tax increment will revert to the City's general tax base once the TIF note is paid in full, which is anticipated to be in 26 years. The City will retain 10% of the tax increment generated each year for the payment of the TIF administrative costs.

Community Impact

- Neighborhood Notification – On October 1, 2014, the Jordan Area Community Council, the Northside Residents Redevelopment Council, and the West Broadway Business and Area Coalition were notified of the opportunity to review and comment on the proposed TIF Plan.
- City Goals – Living Well: Minneapolis is safe and livable and has an active and connected way of life.
- Sustainability Targets – Affordable Housing
- Comprehensive Plan – On October 27, 2014, the City Planning Commission found that the TIF Plan is consistent with *The Minneapolis Plan for Sustainable Growth*.
- Zoning Code – The project has the required approvals from the City Planning Commission.

Supporting Information

The proposed project, Broadway Flats, is located at the northwest corner of the Penn and Broadway intersection in north Minneapolis. This site has been identified as the epicenter of the May 2011 tornado that devastated many homes and businesses in the area and this project is part of the recovery efforts.

The project will occupy the properties at 2220 West Broadway, 2413, 2419, 2423, 2425, 2503, 2507 and 2511 Penn Avenue North and a small portion of the property at 2512 Queen Avenue North. The project will consist of a four-story building containing 103 units of affordable rental housing and 18,000 square feet of commercial/retail space to be occupied by Broadway Liquor Outlet, a small Laundromat and at least one other commercial/retail business which has not yet been identified. The project will also consist of underground and surface parking, bicycle parking, public pedestrian amenities, infrastructure improvements, a public plaza with public art and an enhanced transit stop. A site plan and renderings are provided in the attached Broadway Flats TIF Plan.

The project will serve households at or below 50% MMI and will relocate the Broadway Liquor Outlet, a long-standing business in the community. The project will also introduce the shared parking concept into this area, which is in need of creative parking solutions.

The development entity is Broadway Flats, LLLP, a limited liability limited partnership of Rose Development and Lupe Development Partners. Rose Development owns the parcel at 2220 West Broadway, which contains approximately 37,000 square feet. If the development project were not to go forward as proposed, Rose Development would be obligated to rebuild their business at 2220 West Broadway. The Rose family business, Broadway Liquor Outlet, was destroyed in the May 2011 tornado. This project presents an opportunity to put this site to its highest and best use.

Project Financing Overview

The estimated total development cost for the project is \$23,436,829. Developer equity into the project includes the deferred developer fee of about \$427,255. The sources and uses for the project are detailed on the attached Project Data Worksheet. The commercial portion of the project is being funded separately with a private loan from Great Southern Bank in the amount of approximately \$1.8 million.

The developer's tax increment financing application requested approximately \$1.5 million in pay-as-you-go TIF assistance. Staff analysis determined that the project site qualifies as a housing TIF district. The proposed project eliminates blight, provides jobs and affordable housing units and enhances the pedestrian experience at the intersection.

The proposed project would not be feasible without public financial assistance due to the extraordinary costs involved in redeveloping in this location. This area of the city has been disproportionately affected by the foreclosure crisis and was also subjected to a natural disaster in May 2011.

CPED staff has determined that the tax increment financing assistance is justified in an amount up to \$1.424 million. The assistance will be provided to the project through the issuance of a TIF pay-as-you-go revenue note carrying an annual interest rate of 4.95% and the note is projected to be paid off by 26 years of tax increment collections. The note will be used to reimburse the developer for qualifying construction and site costs.

Proposed Redevelopment Contract Terms

1. The developer will develop the Broadway Flats project consisting of the following:
 - a. At least 20% of the total units will be affordable at or below 50% AMI. The residential rental units will be a mix of zero-, one- and two-bedroom apartments.
 - b. A commercial/retail component with approximately 18,000 square feet that will be owned by the anchor tenant.

- c. A total of 29 shared surface parking stalls and 63 underground parking stalls.
2. The City will provide TIF assistance in the form of one pay-as-you-go note in a principal amount not to exceed \$1.424 million with 26 years of increment collection. The developer will assign the TIF note to the first mortgage lender, Great Southern Bank.
3. The City has received three grant awards from the Metropolitan Council and two grant awards from Hennepin County. The City is entering into separate loan or grant agreements for each of these funding sources.
4. The City will enter into an Affordable Housing Trust Fund Written Agreement with Broadway Flats, LLLP for the \$1,050,000 in deferred funding from the City.
5. In addition to the LIHTC equity, the developer will provide general partner equity and deferred developer fee funding in an approximate amount of \$9,010,455.
6. Regarding TIF recapture provisions, there will be recapture language in the redevelopment contract that will give the City the authority to capture a portion of any potential windfall to the developer as a result of a sale or refinance of the property during the term of the TIF Note.

Attachments

- Project Data Worksheet
- Term Sheet
- Resolution Approving Broadway Flats TIF Plan
- Broadway Flats TIF Plan
- Resolution Authorizing Issuance of TIF Note
- Development Finance Committee Recommendation

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman and Quincy

Approving the Broadway Flats Tax Increment Financing Plan and establishing the Broadway Flats Tax Increment Financing District.

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 2012R-018 duly adopted January 27, 2012 and approved January 31, 2012, the City approved the Penn Avenue North Redevelopment Plan and thereby established the Penn Avenue North Redevelopment Project (the "Project Area").

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 Broadway Flats TIF Plan (the "TIF Plan"). The TIF Plan creates a new housing TIF district (the "TIF District") within the Project Area, designates property to be included in the TIF District, states the City's objectives, describes proposed development activity, and identifies a budget for expenditures. 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 TIF Plan, including, but not limited to, a review of the TIF Plan by the affected neighborhood group and the City Planning Commission, transmittal of the TIF Plan to the Hennepin County Board of Commissioners and the Board of Education 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 TIF Plan are all pursuant to and in accordance with the Project Laws.

2.2. The Council further finds, determines and declares that the TIF Plan conforms 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 TIF Plan were issued on October 27, 2014, 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 TIF Plan 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 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 TIF Plan.

Section 3. Approval of the TIF Plan

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

Section 4. Implementation of the TIF Plan

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 TIF Plan, 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**

By Goodman and Quincy

Approving the issuance of a tax increment limited revenue note in substantially the form recited herein in a principal amount not exceeding \$1,424,300 in connection with the Broadway Flats 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 Broadway Flats Housing Project (the "Project") pursuant to the Penn Avenue North Redevelopment Plan approved January 27, 2012 (the "Redevelopment Plan"); and

Whereas, pursuant to the TIF Act and in furtherance of the Redevelopment Plan, the City has approved the Broadway Flats Tax Increment Financing Plan approved December 5, 2014 (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 Broadway Flats, LLLP, a Minnesota limited liability limited partnership (or an affiliated entity) (the "Developer"), pursuant to which the City will provide tax increment financing assistance and the Developer will develop a 103-unit, affordable workforce rental housing project 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

Broadway Flats Housing _____
Tax ID # _____

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

**TAX INCREMENT LIMITED REVENUE NOTE
(Broadway Flats 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 Broadway Flats, LLLP, a Minnesota limited liability limited partnership (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 One Million Four Hundred Twenty-Four Thousand Three Hundred and No/100 Dollars (\$1,424,300.00) 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 Broadway Flats, LLLP (or an affiliated entity), dated _____, 201__.

"Declaration of Restrictive Covenants" means the Declaration of Restrictive Covenants executed by the Developer in favor of the City dated _____, 201__ that is filed against the Property.

"District" means the Broadway Flats Tax Increment Financing District within the Redevelopment Project.

"Improvements" means 103 affordable workforce rental housing Units plus _____ 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 103 affordable workforce rental housing units, _____ 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 \$1,424,300 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 the Penn Avenue North 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. Only 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

[Legal Description of the Property to be inserted at Closing]

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.