



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

Date: January 20, 2015

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

Subject: Request for Final Approval of up to \$17,000,000 in 501(c)(3) Tax-exempt Refunding Revenue Bonds for City of Minneapolis Series 2015 for the University Gateway Corporation (McNamara Alumni Center University of Minnesota Project) to refund Series 2006 Bonds.

Recommendation: The CPED Director recommends that the City Council adopt the attached Resolution giving Final Approval to the issuance of up to \$17,000,000 in 501(c)(3) Tax-exempt Refunding Revenue Bonds for the University Gateway Corporation (McNamara Alumni Center University of Minnesota Project) to refund Series 2006 Bond.

Previous Directives: Past Revenue Bond Series Issued

1997-A:	\$25,000,000 for original acquisition and construction of 232,000 square foot facility.
1997-B:	\$15,000,000 for original acquisition and construction of 232,000 square foot facility. (Variable Rate Bonds)
2002:	\$7,350,000 for improvements to the facility and addition of a plaza, which was donated to the University (Variable Rate Bonds)
2006:	\$18,225,000 for the refunding of the 1997-A Bonds
2009:	\$10,500,000 to add a 31,000 square foot addition to the original facility. (Variable Rate Bonds)

Prepared by: Charles Curtis, Business Development, CPED 673-5069

Approved by: D. Craig Taylor, Executive Director, CPED _____

Catherine A. Polasky, Director, Economic Development, CPED _____

Presenters in Committee: Charles Curtis

Reviews

- Permanent Review Committee (PRC): Approval NA Date ____

Financial Impact

- Other financial impact: The issuance of refunding revenue bonds for the University Gateway Corporation will continue to generate revenue bond administrative fees of approximately \$40,000 a year.

Community Impact

- Neighborhood Notification: Refunding Only Prospect Park/East River Road notified
- City Goals: The refunding revenue bonds will continue the City Goals of Living Well, the City as a Hub of economic activity and a City that runs well and connects to the community.
- Sustainability Targets: NA
- Comprehensive Plan: An existing facility on the campus of the University of Minnesota
- Zoning Code: In compliance, an existing facility
- Living Wage/Business Subsidy Agreement Yes ____ No X All conduit revenue bonds allocated under Statute 474A, refunding bonds and 501 (c)(3) bonds are exempt from the State Act. City bonding financing is not subject to the City's local ordinance if the intent of the bond financing is not to create jobs.
- Job Linkage Yes ____ No X

Supporting Information

Project Location & Description: The McNamara Alumni Center University of Minnesota is located at 200 Oak Street S.E. The Center consists of the original 232,000 square foot six-story visitor and alumni center and office building and the 31,000 square foot addition and Plaza. The entire facility is owned and managed by the University Gateway Corporation. The University Gateway Corporation is a non-profit corporation formed in 1997 at the time of the original construction of the Alumni Center. The McNamara Alumni Center houses the offices, and functions as the alumni/visitor center for the University of Minnesota Foundation, the University of Minnesota Alumni Association, and offices of the University of Minnesota.

The proposed Refunding Revenue Bonds Series 2015 will be used to refund the Series 2006 Revenue Bonds. The Refunding Bonds will be fixed rate bonds with an interest rate estimated to be equal to or less than the rate on the Series 2006 Bonds. The Refunding Bonds are intended to take advantage of the historically low interest rates in the marketplace. Current estimates indicate that the Refunding Bonds will save the University Gateway Corporation approximately \$140,000 per year in interest or approximately \$2,000,000 in net present value savings.

Type of Financing: 501 (c)(3) Tax-exempt Refunding Revenue Bonds

Present Employment: The University Gateway Corporation does not employ anyone. It is an owner of the facility. However, the tenants in the building collectively employ over 725 in the McNamara Alumni Center.

New Employment: Refunding Only

Assessor's Estimate Annual Tax Increase: NA Tax-exempt facility

Affirmative Action Compliance: An approved updated Affirmative Action Plan will be in place prior to a bond closing.

IRB CAP:

The project is not subject to the volume cap, in that the project is exempt from income tax under Internal Revenue Code Section 501(c)(3) for its exempt purposes and is classified thereunder as a non-profit organization.

BOND COUNSEL:

Kennedy & Graven, Chartered

UNDERWRITER:

RBC Capital Markets
Wells Fargo Securities

RESOLUTION
OF THE
CITY OF MINNEAPOLIS

By Goodman

Authorizing the issuance and sale of, and providing the form, terms, pledge of revenues, findings, covenants, and directions relating to the Revenue Refunding Bonds (University Gateway Project), Series 2015, under Minnesota Statutes, Sections 469.152-469.1655, as amended, to be issued to refund outstanding bonds of the City issued to finance or refinance the costs of the construction and equipping of an office building and alumni center owned by University Gateway Corporation and located on the Minneapolis campus of the University of Minnesota.

Resolved by The City Council of The City of Minneapolis:

SECTION 1. BACKGROUND

1.01. 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, Sections 469.152-469.1655, as amended (the "Act"), to issue revenue bonds to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension of a "project," defined in the Act as any properties, real or personal, used or useful in connection with a revenue producing enterprise, for the public purposes expressed in the Act. The City may also issue revenue bonds under the Act to refund, in whole or in part, bonds previously issued by the City under the Act.

1.02. THE CORPORATION AND THE FACILITY. The University of Minnesota Foundation (the "University Foundation"), the University of Minnesota Alumni Association (the "Alumni Association"), and the Minnesota Medical Foundation (the "Medical Foundation") jointly established the University Gateway Corporation, a Minnesota nonprofit corporation (the "Corporation") in 1997, and received a determination from the Internal Revenue Service that the Corporation is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of the application of Section 501(c)(3) of the Code. The Corporation was formed for the purpose of developing a six-story office building, alumni center, and related improvements (the "Original Building") to be located on the Minneapolis campus of the University of Minnesota. The University Foundation and the Medical Foundation later merged and, as a result, the current members of the Corporation are the University Foundation and the Alumni Association.

1.03. **THE SERIES 1997 BONDS.** The costs of the construction and development of the Original Building were financed by the City through the issuance of its: (i) Revenue Bonds (University Gateway Project), Series 1997-A (the "Series 1997-A Bonds"), in the original aggregate principal amount of \$25,000,000; and (ii) Variable Rate Demand Revenue Bonds (University Gateway Project), Series 1997-B (the "Series 1997-B Bonds"), in the original aggregate principal amount of \$15,000,000. The Series 1997-A Bonds and the Series 1997-B Bonds are hereinafter referred to collectively as the "Series 1997 Bonds." The Series 1997 Bonds were issued under the terms of Resolution No. 97R-358, adopted by the City Council of the City and approved by the Mayor of the City on November 21, 1997, and in accordance with the provisions of an Indenture of Trust, dated as of December 1, 1997 (the "Indenture"), between the City and U.S. Bank National Association (formerly known as First Trust National Association), as trustee (the "Trustee"). The proceeds derived from the sale of the Series 1997 Bonds were loaned to the Corporation under the terms of a Loan Agreement, dated as of December 1, 1997 (the "Loan Agreement"), between the City and the Corporation. The Corporation applied the proceeds of the loan to the development and construction of the Original Building.

1.04. **SECURITY FOR THE SERIES 1997 BONDS.** The obligations of the Corporation under the terms of the Loan Agreement are secured by a Mortgage and Security Agreement, dated as of December 1, 1997 (the "Mortgage"), between the Corporation, as mortgagor, and the City, as mortgagee. The Mortgage encumbers the Corporation's leasehold interest under a Ground Lease, dated as of December 1, 1997 (the "Ground Lease"), between the Corporation and the Regents of the University of Minnesota (the "Regents"), under the terms of which the land on which the Original Building was constructed (the "Land") is leased to the Corporation. The obligations of the Corporation under the terms of the Loan Agreement are also secured by an Assignment of Leases and Rents, dated as of December 1, 1997 (the "Assignment of Leases and Rents"), between the Corporation, as assignor, and the City, as assignee. The interests of the City in the Mortgage and the Assignment of Leases and Rents were assigned to the Trustee and University of Minnesota Foundation, a Minnesota nonprofit corporation (the "Guarantor") in accordance with the terms of an Assignment of Mortgage and Security Agreement, dated as of December 1, 1997 (the "Assignment of Mortgage"). The Series 1997 Bonds are also secured by a Guaranty Agreement, dated as of December 1, 1997 (the "Guaranty"), executed by the Guarantor for the benefit of the Trustee and a predecessor to Wells Fargo Bank, National Association, a national banking association (the "Bank").

1.05. **THE ORIGINAL BUILDING.** The development and construction of the Original Building, designated the McNamara Alumni Center — University of Minnesota Gateway, contains approximately 232,000 square feet of interior space and houses the offices for the University Foundation and the Alumni Association. The Original Building also serves as an alumni/visitor center for the University of Minnesota and a portion of the office space of the Original Building is leased to the University of Minnesota. The Original Building is owned and operated by the Corporation.

1.06. **THE IMPROVEMENTS.** In 2002, the Corporation elected to construct additional enhancements to the Original Building and to construct a plaza adjacent to the Original Building to be donated to the University of Minnesota (collectively, the "Improvements"). The Corporation requested that the City assist the Corporation in financing the costs of the Improvements through the issuance of additional bonds under the terms of the Indenture in accordance with an

amendment to the Loan Agreement, through a loan of the proceeds of the additional bonds to the Corporation.

1.07. THE SERIES 2002 BONDS. The costs of the construction and development of the Improvements were financed by the City through the issuance of its Variable Rate Demand Revenue Bonds (University Gateway Project), Series 2002 (the "Series 2002 Bonds"), in an original aggregate principal amount of \$7,350,000. The Series 2002 Bonds were issued as parity obligations with the Series 1997 Bonds in accordance with Resolution No. 2002R-163, adopted by the City Council of the City on May 17, 2002, and approved by the Mayor of the City on May 20, 2002, and under the terms and conditions of a First Supplement to Indenture of Trust, dated as of June 1, 2002 (the "First Supplemental Indenture"), between the City and the Trustee. The proceeds derived from the sale of the Series 2002 Bonds were loaned to the Corporation under the terms of a First Amendment to Loan Agreement, dated as of June 1, 2002 (the "First Amendment to Loan Agreement"), between the City and the Corporation.

1.08. SECURITY FOR THE SERIES 2002 BONDS. The obligations of the Corporation under the terms of the First Amendment to Loan Agreement are secured by the Mortgage, as amended by a First Supplement to Mortgage and Security Agreement, dated as of June 1, 2002 (the "First Supplemental Mortgage"), between the Corporation and the Trustee and Guarantor, and the Assignment of Leases and Rents, as amended by a First Amendment to Assignment of Leases and Rents, dated as of June 1, 2002 (the "First Amendment to Assignment"), between the Corporation and the Trustee and Guarantor. The loan repayments required to be made by the Corporation under the terms of the First Amendment to Loan Agreement, were assigned to the Trustee under the terms of the First Supplemental Indenture. The payment of the principal of, premium, if any, and interest on the Series 2002 Bonds are also secured by the Guaranty, as amended by the terms of a First Amendment to Guaranty Agreement, dated as of June 1, 2002 (the "First Amendment to Guaranty"), executed by the Guarantor and delivered to the Trustee.

1.09. THE SERIES 2006 BONDS. At the request of the Corporation, the City issued its Revenue Refunding Bonds (University Gateway Project), Series 2006 (the "Series 2006 Bonds"), in an original aggregate principal amount of \$22,700,000, on April 12, 2006. The Series 2006 Bonds were issued as parity obligations with the Series 1997 Bonds and the Series 2002 Bonds under the terms and conditions of a Second Supplement to Indenture of Trust, dated as of April 1, 2006 (the "Second Supplemental Indenture"), between the City and the Trustee. The proceeds derived from the sale of the Series 2006 Bonds were loaned to the Corporation under the terms of a Second Amendment to Loan Agreement, dated as of April 1, 2006 (the "Second Amendment to Loan Agreement"), between the City and the Corporation. The Corporation directed the application of the proceeds of the loan made pursuant to the Second Amendment to Loan Agreement to the payment, redemption, and prepayment of the outstanding principal amount of the Series 1997-A Bonds.

1.10. SECURITY FOR THE SERIES 2006 BONDS. The repayment of the loan made pursuant to the terms of the Second Amendment to Loan Agreement and the payment of the principal and purchase price of, premium, if any, and interest on the Series 2006 Bonds are secured by the Mortgage and First Supplemental Mortgage, as amended by a Second Supplement to Mortgage and Security Agreement, dated as of April 1, 2006 (the "Second Supplemental Mortgage"), between the Corporation and the Trustee and Guarantor, and by the Assignment of Leases and Rents and the First Amendment to Assignment, as amended by a Second Amendment to Assignment of

Leases and Rents, dated as of April 1, 2006 (the "Second Amendment to Assignment"), between the Corporation and the Trustee and Guarantor. The loan repayments required to be made by the Corporation under the terms of the Second Amendment to Loan Agreement, were assigned to the Trustee under the terms of the Second Supplemental Indenture. The payment of the principal of, premium, if any, and interest on the Series 2006 Bonds are secured under the terms of the Guaranty and the First Amendment to Guaranty, as amended by a Second Amendment to Guaranty Agreement, dated as of April 1, 2006 (the "Second Amendment to Guaranty"), executed by the Guarantor and delivered to the Trustee.

1.11. THE ADDITION. The Corporation elected to construct an addition of approximately 31,000 square feet (the "Addition") to the Original Building. The Addition is owned and operated by the Corporation. The Addition is comprised of four stories and a basement and includes approximately 15,000 additional square feet of office space, a new large meeting room, and a new kitchen/food-service space that has been designed to operate as an additional meeting space after food-service hours. The existing food-service space in the Original Building was converted to breakout space for the meeting center and can be combined with the other meeting spaces to accommodate larger groups. The Addition includes a new entrance to the Original Building and the Addition (the "Facility"), and a four-story atrium. The new entrance and new corridor connection to the north entry to the Facility enable the event center to accommodate two major events at the same time. The kitchen and food-service staging areas of the Facility have been renovated to better serve the higher-than-anticipated number of events in the Facility as well as serving the Addition.

1.12. THE SERIES 2009 BONDS. At the request of the Corporation, the City issued its Variable Rate Demand Revenue Bonds (University Gateway Project), Series 2009 (the "Series 2009 Bonds"), in an original aggregate principal amount of \$10,500,000. The Series 2009 Bonds were issued as parity obligations with the Series 1997-B Bonds, the Series 2002 Bonds, and the Series 2006 Bonds under the terms and conditions of a Third Supplement to Indenture of Trust, dated as of October 1, 2009 (the "Third Supplemental Indenture"), between the City and the Trustee. The proceeds derived from the sale of the Series 2009 Bonds were loaned to the Corporation under the terms of a Third Amendment to Loan Agreement, dated as of October 1, 2009 (the "Third Amendment to Loan Agreement"), between the City and the Corporation.

1.13. SECURITY FOR THE SERIES 2009 BONDS. The repayment of the loan made under the terms of the Third Amendment to Loan Agreement and the payment of the principal and purchase price of, premium, if any, and interest on the Series 2009 Bonds are secured by the Mortgage, First Supplemental Mortgage, and Second Supplemental Mortgage, as amended by a Third Supplement to Mortgage and Security Agreement, dated as of October 1, 2009 (the "Third Supplemental Mortgage"), between the Corporation and the Trustee and Guarantor, and by the Assignment of Leases and Rents, the First Amendment to Assignment, and Second Amendment to Assignment, as amended by a Third Amendment to Assignment of Leases and Rents, dated as of October 1, 2009 (the "Third Amendment to Assignment"), between the Corporation and the Trustee and Guarantor. The loan repayments required to be made by the Corporation under the terms of the Third Amendment to Loan Agreement, were assigned to the Trustee under the terms of the Third Supplemental Indenture. The payment of the principal of, premium, if any, and interest on the Series 2009 Bonds are also secured under the terms of the Guaranty, the First Amendment to Guaranty, and the Second Amendment to Guaranty, as amended by a Third Amendment to

Guaranty Agreement, dated as of October 1, 2009 (the "Third Amendment to Guaranty"), executed by the Guarantor and delivered to the Trustee.

1.14. **GROUND LEASE AND MORTGAGE AMENDMENTS.** The Ground Lease was amended by a First Amendment to Ground Lease, dated June 1, 2002 (the "First Amendment to Ground Lease"), between the Corporation and the Regents, in order to expand the area of the Land to include certain of the Improvements financed with the proceeds of the Series 2002 Bonds. The Ground Lease was further amended by a Second Amendment to Ground Lease, dated May 2, 2013 (the "Second Amendment to Ground Lease"), between the Corporation and the Regents, to correct an error in the legal description of the Land, to add an access easement to the description of the Land, and to make certain other changes regarding maintenance of the improvements on the Land, provisions relating to insurance coverage to be obtained by the Corporation, and indemnification of the Regents by the Corporation. The Corporation, the Trustee, and the Guarantor entered into a Fourth Supplement to Mortgage and Security Agreement, dated as of May 2, 2013 (the "Fourth Supplemental Mortgage"), to modify the legal description of the Land to conform to the legal description of the Land in the Second Amendment to Ground Lease.

1.15. **THE SERIES 2015 BONDS.** The Corporation has requested that the City issue its Revenue Refunding Bonds (University Gateway Project), Series 2015 (the "Series 2015 Bonds" or the "Bonds"), in an original aggregate principal amount not to exceed \$17,000,000. The Series 2015 Bonds are to be issued as parity obligations with the Series 1997-B Bonds, the Series 2002 Bonds, and the Series 2009 Bonds in accordance with the terms and conditions of a Fourth Supplement to Indenture of Trust, to be dated on or after February 1, 2015 (the "Fourth Supplemental Indenture"), between the City and the Trustee. The Series 2015 Bonds are proposed to be sold pursuant to the terms of a Bond Purchase Agreement (the "Purchase Agreement") between the City, the Corporation, and RBC Capital Markets, LLC and Wells Fargo Bank, National Association (collectively, the "Underwriters"). The proceeds derived from the sale of the Series 2015 Bonds will be loaned to the Corporation under the terms of a Fourth Amendment to Loan Agreement, to be dated on or after February 1, 2015 (the "Fourth Amendment to Loan Agreement"), between the City and the Corporation. The Corporation will direct the application of the proceeds of the loan made in accordance with the terms of the Fourth Amendment to Loan Agreement (the "Loan") under the terms of the Fourth Amendment to Loan Agreement and the Fourth Supplemental Indenture to the payment, redemption, and prepayment of the outstanding principal amount and redemption premium of the Series 2006 Bonds and the accrued interest on the Series 2006 Bonds to the redemption date. A portion of the Loan may also be applied to the payment of a portion of the costs of issuing the Series 2015 Bonds. The Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, and the Fourth Supplemental Indenture is hereinafter referred to as the "Amended Indenture." The Loan Agreement, as amended by the First Amendment to Loan Agreement, the Second Amendment to Loan Agreement, the Third Amendment to Loan Agreement, and the Fourth Amendment to Loan Agreement is hereinafter referred to as the "Amended Loan Agreement."

1.16. **SECURITY FOR THE SERIES 2015 BONDS.** The repayment of the Loan and the payment of the principal and purchase price of, premium, if any, and interest on the Series 2015 Bonds are to be secured by the Mortgage, First Supplemental Mortgage, Second Supplemental Mortgage, Third Supplemental Mortgage, and Fourth Supplemental Mortgage, as amended by a Fifth Supplement to Mortgage and Security Agreement, to be dated on or after February 1, 2015 (the "Fifth Supplemental Mortgage"), between the Corporation and the Trustee and Guarantor, and by the

Assignment of Leases and Rents, the First Amendment to Assignment, Second Amendment to Assignment, and Third Amendment to Assignment, as amended by a Fourth Amendment to Assignment of Leases and Rents, to be dated on or after February 1, 2015 (the "Fourth Amendment to Assignment"), between the Corporation and the Trustee and Guarantor. The loan repayments required to be made by the Corporation under the terms of the Fourth Amendment to Loan Agreement, will be assigned to the Trustee under the terms of the Fourth Supplemental Indenture. The payment of the principal of, premium, if any, and interest on the Series 2015 Bonds will also be secured under the terms of the Guaranty, the First Amendment to Guaranty, the Second Amendment to Guaranty, and the Third Amendment to Guaranty, as amended by a Fourth Amendment to Guaranty Agreement, to be dated on or after February 1, 2015 (the "Fourth Amendment to Guaranty"), to be executed by the Guarantor and delivered to the Trustee. The Mortgage, as amended by the First Supplemental Mortgage, the Second Supplemental Mortgage, the Third Supplemental Mortgage, the Fourth Supplemental Mortgage, and the Fifth Supplemental Mortgage, is hereinafter referred to as the "Amended Mortgage." The Assignment of Leases and Rents, as amended by the First Amendment to Assignment, the Second Amendment to Assignment, the Third Amendment to Assignment, and the Fourth Amendment to Assignment is hereinafter referred to as the "Amended Assignment." The Guaranty, as amended by the First Amendment to Guaranty, the Second Amendment to Guaranty, the Third Amendment to Guaranty, and the Fourth Amendment to Guaranty is hereinafter referred to as the "Amended Guaranty."

1.17. DOCUMENTS. Forms of the following documents have been submitted to the City and are now on file with the City: (i) the Fourth Amendment to Loan Agreement; (ii) the Fourth Supplemental Indenture; (iii) the Fifth Supplemental Mortgage; (iv) the Fourth Amendment to Assignment; (v) the Fourth Amendment to Guaranty; and (vi) the Purchase Agreement.

SECTION 2. ISSUANCE OF BONDS

2.01. FINDINGS. The City Council hereby finds, determines, and declares that:

(a) The issuance and sale of the Series 2015 Bonds, the execution and delivery by the City of the Fourth Amendment to Loan Agreement, the Fourth Supplemental Indenture, and the Purchase Agreement, and the performance of all covenants and agreements of the City contained in the Fourth Amendment to Loan Agreement, the Fourth Supplemental Indenture, and the Purchase Agreement are undertaken in accordance with terms of the Act.

(b) The Facility furthers the purposes stated in Section 469.152 of the Act and constitutes a "project," as defined in Section 469.153, subdivision 2(b), of the Act.

(c) The loan repayments to be made by the Corporation under the Fourth Amendment to Loan Agreement are fixed to produce revenue sufficient to provide for the prompt payment of the principal of, premium, if any, and interest on the Series 2015 Bonds issued under the Fourth Supplemental Indenture when due, and the Amended Loan Agreement and the Amended Indenture also provide that the Corporation is required to pay all expenses of the operation and maintenance of the Facility including, but without limitation, adequate insurance thereon and insurance against all liability for

injury to persons or property arising from the operation thereof, and all lawfully imposed taxes and special assessments levied upon or with respect to the Facility and payable during the term of the Amended Loan Agreement and the Amended Indenture.

(d) The Series 2015 Bonds and the interest thereon are not general or moral obligations of the City or a debt of the City within the meaning of any constitutional or statutory limitation. The Series 2015 Bonds and the interest thereon are limited obligations of the City, payable solely from the Trust Estate pledged therefor under the Amended Indenture including, without limitation, its interest in payments received under the Amended Loan Agreement. No holder of any Series 2015 Bonds shall ever have the right to compel any exercise by the City of its taxing powers to pay any of the Series 2015 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 Amended Loan Agreement, assigned to the Trustee under the Amended Indenture. The Series 2015 Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, except the interests of the City in the Amended Loan Agreement. The Series 2015 Bonds shall recite that the Series 2015 Bonds are issued in accordance with the provisions of the Act, and that the Series 2015 Bonds, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof.

2.02. ISSUANCE OF THE SERIES 2015 BONDS. The City hereby authorizes the issuance of the Series 2015 Bonds, in the principal amount, in the form, and upon the specific terms and conditions set forth in the Fourth Supplemental Indenture and under the general terms and conditions of the Amended Indenture. The Series 2015 Bonds shall be delivered to the Trustee for authentication and delivery to the Underwriters. All of the provisions of the Series 2015 Bonds (as prescribed in the Fourth Supplemental Indenture, in the form now on file with the City, with the amendments referenced herein), 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 Series 2015 Bonds shall be substantially in the form on file with the City, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Series 2015 Bonds, the principal amounts of each maturity of the Series 2015 Bonds, the maturity dates, the interest rate for each maturity, optional and mandatory redemption terms, mandatory sinking fund payment schedules, and other terms and provisions of the Series 2015 Bonds) as the Finance Officer of the City (the "Finance Officer"), in his discretion, shall determine. The aggregate principal amount of the Series 2015 Bonds, the maturity dates of the Series 2015 Bonds, the date of the documents referenced in this resolution and the Series 2015 Bonds, and the terms of redemption of the Series 2015 Bonds may be established or modified with the approval of the City. The execution and delivery of the Series 2015 Bonds shall be conclusive evidence that the City has approved such terms as subsequently established or modified. The offer of the Underwriters to purchase the Series 2015 Bonds as provided in the Purchase Agreement at the price established under the terms of the Purchase Agreement plus accrued interest (if any) to the date of delivery at the interest rate or rates specified in the Fourth Supplemental Indenture is hereby accepted. The execution of the Series 2015 Bonds with the manual or facsimile signature of the Finance Officer and the delivery of the Series 2015 Bonds by the City shall be conclusive evidence of such determination. The Finance Officer is hereby authorized to execute and deliver any agreements with any depository institution, including any representation letter or amendment to any existing representation letter, to provide for the registration of the Series 2015 Bonds in book-entry form. The City hereby authorizes the Series 2015 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.

2.03. DESIGNATION AS PROGRAM BONDS. The Series 2015 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.

2.04. FOURTH SUPPLEMENTAL INDENTURE. The Finance Officer is hereby authorized and directed to execute the Fourth Supplemental Indenture and to deliver the Fourth Supplemental Indenture to the Trustee. The Fourth Supplemental Indenture shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the bondholders, the City, and the Trustee as set forth therein. All of the provisions of the Fourth Supplemental Indenture, 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 Fourth Supplemental Indenture shall be substantially in the form on file with the City on the date hereof, and is hereby approved with such necessary and appropriate variations, omissions, and insertions as are not materially inconsistent with such form and as the Finance Officer, in his discretion, shall determine; provided that the execution and delivery thereof by the Finance Officer shall be conclusive evidence of such determination.

2.05. FOURTH AMENDMENT TO LOAN AGREEMENT. The Finance Officer is hereby authorized and directed to execute the Fourth Amendment to Loan Agreement and to deliver the Fourth Amendment to Loan Agreement to the Corporation, and when executed and delivered as authorized herein, the Fourth Amendment to Loan Agreement 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 Fourth Amendment to Loan Agreement shall be substantially in the form on file with the City on the date hereof, which is hereby approved, with such necessary variations, omissions, and insertions as are not materially inconsistent with such form and as the Finance Officer, in his discretion, shall determine; provided that the execution thereof by the Finance Officer shall be conclusive evidence of such determination.

2.06. PURCHASE AGREEMENT. The offer of the Underwriters to purchase the Series 2015 Bonds as provided in the Purchase Agreement at the price established under the terms of the Purchase Agreement plus accrued interest to the date of delivery at the interest rate or rates specified in the Fourth Supplemental Indenture is hereby accepted. The Finance Officer is hereby authorized and directed to accept and execute the Purchase Agreement. All of the provisions of the Purchase 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 Purchase Agreement shall be substantially in the form on file with the City on the date hereof, and is hereby approved, with such necessary and appropriate variations, omissions, and insertions as are not materially inconsistent with such form and as the Finance Officer, in his discretion, shall determine; provided that the execution thereof by the Finance Officer shall be conclusive evidence of such determination.

2.07. APPROVAL OF DOCUMENTS. The Fifth Supplemental Mortgage, the Fourth Amendment to Assignment, and the Fourth Amendment to Guaranty are hereby approved in substantially the

forms on file with the City on the date hereof. The terms of the Fifth Supplemental Mortgage, the Fourth Amendment to Assignment, and the Fourth Amendment to Guaranty may be modified with the approval of the Finance Officer.

2.08. **DISCLOSURE DOCUMENTS.** The City consents to the distribution of a Preliminary Official Statement and an Official Statement (collectively, the "Disclosure Documents") prepared with respect to the issuance of the Series 2015 Bonds. The Disclosure Documents shall recite that the City has not participated in the preparation of the Disclosure Documents nor made any independent investigation of the information contained in the Disclosure Documents, and the City takes no responsibility for the sufficiency, accuracy, or completeness of such information. The City hereby approves the execution and delivery of a Continuing Disclosure Agreement or a Fourth Amendment to Continuing Disclosure Agreement, to be dated on or after February 1, 2015 (the "Continuing Disclosure Agreement"), between the Corporation, the Guarantor and the Trustee, under the terms of which the Corporation and the Guarantor agree to meet certain continuing disclosure obligations imposed by Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"). The Corporation, the Guarantor, and the Trustee shall acknowledge in the Continuing Disclosure Agreement that the City has undertaken no responsibilities with respect to any reports, notices, or disclosures required under the Continuing Disclosure Agreement or the Rule.

2.09. **CERTIFICATIONS OF THE CITY.** The Finance Officer and other officers, employees, and agents of the City are hereby authorized and directed to prepare and furnish to bond counsel, the Underwriters, and the Trustee certified copies of all proceedings and records of the City relating to the issuance of the Series 2015 Bonds, and such other affidavits and certificates as may be required to show the facts relating to the Series 2015 Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained herein and therein. Such officers, employees, and agents are hereby authorized to execute and deliver, on behalf of the City, all other certificates, instruments, and other written documents that may be requested by bond counsel, the Underwriters, the Trustee, or other persons or entities in conjunction with the issuance of the Series 2015 Bonds. Without imposing any limitation on the scope of the preceding sentence, such officers, employees, and agents are specifically authorized to execute and deliver one or more financing statements, an endorsement of the City to a Corporation tax certificate, a receipt for the proceeds derived from the sale of the Series 2015 Bonds, an order to the Trustee as to the application of the proceeds of the Series 2015 Bonds, a general certificate of the City, and an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038 (Rev. April 2011).

Section 2.10. **REFUNDING OF PRIOR BONDS.** The Finance Officer and other officers, employees, and agents of the City are hereby authorized and directed to take all actions necessary and appropriate to provide for the payment, redemption, and prepayment of the Series 2006 Bonds to be refunded with the proceeds of the Series 2015 Bonds. Without imposing any limitation on the scope of the preceding sentence, such officers, employees, and agents are specifically authorized to execute and deliver any certificates or other documents required by the terms of the Amended Indenture in conjunction with the redemption and prepayment of the Series 2006 Bonds.

SECTION 3. MISCELLANEOUS

Section 3.01. **AGREEMENTS BINDING.** All agreements, covenants, and obligations of the City contained in this resolution and in the above-referenced documents shall be deemed to be the agreements, covenants, and obligations of the City to the full extent authorized or permitted by law, and all such agreements, covenants, and obligations shall be binding on the City and enforceable in accordance with their terms. No agreement, covenant, or obligation contained in this resolution or in the above-referenced documents shall be deemed to be an agreement, covenant, or obligation of any member of the City Council, the Finance Officer, or of any officer, employee, or agent of the City in that person's individual capacity. Neither the members of the City Council, the Finance Officer, nor any officer or employee of the City executing the Series 2015 Bonds, shall be liable personally on the Series 2015 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2015 Bonds.

3.02. **RIGHTS CONFERRED.** Nothing in this resolution or in the above-referenced documents is intended or shall be construed to confer upon any person (other than as provided in the Amended Indenture and the other agreements, instruments, and documents hereby approved) any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provision of this resolution; this resolution, the Amended Indenture, and all of their provisions being intended to be, and being for the sole and exclusive benefit of the City and the Trustee as fiduciary for owners of the Series 2015 Bonds issued under the provisions of this resolution and the Amended Indenture, and the Corporation to the extent expressly provided in the Amended Indenture.

3.03. **VALIDITY.** In case any one or more of the provisions of this resolution, or of the documents mentioned herein, or of the Series 2015 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 Series 2015 Bonds, but this resolution, the aforementioned documents, and the Series 2015 Bonds shall be construed as if such illegal or invalid provisions had not been contained therein. If for any reason the Finance Officer, or any other officers, employees, or agents of the City authorized to execute certificates, instruments, or other written documents on behalf of the City shall for any reason cease to be an officer, employee, or agent of the City after the execution by such person of any certificate, instrument, or other written document, such fact shall not affect the validity or enforceability of such certificate, instrument, or other written document. If for any reason the Finance Officer, or any other officers, employees, or agents of the City authorized to execute certificates, instruments, or other written documents on behalf of the City shall be unavailable to execute such certificates, instruments, or other written documents for any reason, such certificates, instruments, or other written documents may be executed by a deputy or assistant to such officer, or by such other officer of the City as is authorized to execute such certificates, instruments, or other written documents.

3.04. **REQUIRED ACTIONS.** 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 Series 2015 Bonds, and to the execution and delivery of the Fourth Supplemental Indenture, the Fourth Amendment to Loan Agreement, and the other documents referred to above, to happen, exist, and be performed precedent to and in the enactment of this resolution, and precedent to the execution and delivery of the Fourth Supplemental Indenture and the Fourth Amendment to Loan Agreement, and the other documents referred to above, have happened, exist, and have been performed as so required by law.

3.05. **SUBSEQUENT AMENDMENTS.** On any date subsequent to the date of issuance of the Series 2015 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 and consultation with 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.

3.06. **FEES AND INDEMNIFICATION.** The Corporation 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 redemption and prepayment of the Series 2006 Bonds and the refinancing of the Facility shall be paid by the Corporation. The Corporation has agreed to 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 Facility and the Series 2015 Bonds, as provided for and agreed to by and between the Corporation and the City in the Amended Loan Agreement.

3.07. **EFFECTIVE DATE.** This resolution shall take effect and be in force from and after its approval and publication. In accordance with the terms of Section 4.4(d) of Article IV 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 an official newspaper of the City.