

**RESOLUTION  
of the  
City of Minneapolis**

By \_\_\_\_\_

**Authorizing certain actions with respect to Limited Tax Supported Development Revenue Bonds,  
Common Bond Fund Series 2006-1A (Tax Exempt)**

Whereas, the City of Minneapolis (the “City”) issued its Limited Tax Supported Development Revenue Bonds, Common Bond Fund Series 2006-1A (Tax Exempt), on June 28, 2006 in the amount of \$5,390,000 (the “Bonds”). The City used the proceeds of the Bonds to acquire a manufacturing facility located at 1400 Washington Avenue North in the City (the “Bond-Financed Facility”). The City leases the Bond-Financed Facility to Edbar Family Limited Partnership, a Minnesota limited partnership, and Ambassador Press, Inc., a Minnesota corporation (collectively, the “Borrower”), pursuant to a Lease Agreement whereby the Borrower pays rent in amounts sufficient to pay all debt service on the Bonds and other costs of the City.

Whereas, in order for the interest on the Bonds to continue to be tax-exempt to the holders of such Bonds, Section 144(a)(4)(A)(ii) of the Internal Revenue Code of 1986, as amended requires that the sum of the principal amount of the Bonds and the capital expenditures of the Borrower during the period of time commencing three years prior to the date of issuance of the Bonds and ending three years after the date of issuance of the Bonds cannot exceed \$10,000,000.

Whereas, the Internal Revenue Service (the “IRS”) commenced an examination of the Bonds and subsequently provided the City and the Borrower with Form 5701-TEB “Notice of Proposed Issue” stating that it believes the interest on the Bonds is not tax exempt because the Borrower exceeded the \$10,000,000 limitation described above.

Whereas, after several settlement offers were rejected by the IRS, the City and the Borrower have proposed to offer a settlement in the amount of \$135,000 (the “Settlement”) to the IRS in order to close the examination and allow the Bonds to remain outstanding and continue to accrue interest on a tax-exempt basis and the IRS has tentatively agreed to such Settlement if the Settlement can be finalized quickly.

Whereas, the Borrower has agreed to pay \$50,000 of the settlement offer but has informed the City that it cannot provide the \$50,000 to the City until September 1, 2015.

Whereas, the City has proposed to loan the \$50,000 to the Borrower in order to complete the Settlement in a timely fashion.

Whereas, a form of Loan Agreement (the “Loan Agreement”) proposed to be entered into between the City and the Borrower has been presented to the City Council pursuant to which the City will agree to provide the full amount of the Settlement, the City will loan the Borrower’s share of the Settlement in the amount of \$50,000 to the Borrower (the “Loan”), and the Borrower will agree to repay the Loan to the City on or before September 1, 2015.

Whereas, the Loan Agreement provides that the Loan to the Borrower will not accrue interest if it is repaid by September 1, 2015 but shall accrue interest at the rate of three percent (3.0%) per annum, commencing with the date the Settlement is paid to the IRS, if the Loan is not repaid by September 1, 2015.

Whereas, to secure the Borrower's obligations under the Loan Agreement, the Borrower will execute and deliver a Promissory Note (the "Note") to the City, and Edbar Family Limited Partnership will execute and deliver a Mortgage (the Mortgage") to the City which creates a lien on the property upon which the Bond-Financed Facility is located.

Now, therefore, be it resolved by the City Council of the City of Minneapolis:

1. The Settlement in the amount of \$135,000 to the IRS is hereby approved and shall be paid from the City's Common Bond Reserve Fund.

2. The Finance Officer is hereby authorized to negotiate, finalize, execute and deliver the settlement agreement between the City and the IRS, and any other document deemed necessary to finalize the Settlement with the IRS.

3. The Loan to the Borrower in the amount of \$50,000 is hereby approved. Upon repayment in full of the Loan by the Borrower, the principal of, and interest, if any, shall be deposited to the City's Common Bond Reserve Fund.

4. The Loan Agreement, the Note, and the Mortgage in substantially the forms now on file with the City are hereby approved. The Finance Officer or his designee is hereby authorized to execute and deliver the Loan Agreement, and any other document deemed necessary to carry out the intentions of this resolution, on behalf of the City. The Loan Agreement 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 or his designee shall be conclusive evidence of such determination.