

**Resolution
of the
City of Minneapolis**

By Goodman and Ostrow

Authorizing the issuance of a tax increment limited revenue note in a principal amount not exceeding \$705,800 in connection with the Wellstone Housing Project within the Franklin-Portland Gateway Redevelopment Project Area.

Whereas, the City of Minneapolis (the "City"), a Minnesota municipal corporation, acting pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Section 31 and Minneapolis Code of Ordinances, Title 16, Chapter 415, as amended, has certain powers, including without limitation the powers contained in Minnesota Statutes, Sections 469.001 to 469.047 (the "HRA Act"), and Minnesota Statutes, Sections 469.174 to 469.179 (the "Tax Increment 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 areas of the City and the development of housing for persons of low and moderate incomes, and in this connection the City is engaged in carrying out a redevelopment project known as the Franklin-Portland Gateway Phase III Redevelopment project (the "Project"); and

Whereas, pursuant to the HRA Act and Tax Increment Act, the City has approved the Franklin-Portland Gateway Redevelopment Plan effective December 23, 2004, and approved Modification No. 1 to the Franklin-Portland Gateway Redevelopment Plan dated March 2, 2007, and adopted on April 27, 2007, and the Wellstone Tax Increment Finance Plan dated March 2, 2007, and adopted April 27, 2007; and

Whereas, pursuant to the Tax Increment Act, and specifically Section 469.178, subd 4, the City is authorized to issue its tax increment limited revenue notes 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 Franklin-Portland Gateway Phase III Limited Partnership, a Minnesota limited partnership (the "Developer"), pursuant to which the City will provide tax increment financing assistance and the Developer will develop a 49 unit rental housing project, with 37 affordable housing units;

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 "TIF Note") in substantially the following form:

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

**TAX INCREMENT LIMITED REVENUE NOTE
(The Wellstone 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 Franklin-Portland Gateway Phase III Limited Partnership, a Minnesota limited partnership (the "Developer"), solely from the source, to the extent and in the manner hereinafter provided, the principal amount of this TIF Note, being Seven Hundred Five Thousand Eight Hundred and No/100 Dollars (\$705,800), or such lesser amount as may equal the Public Development Costs, with interest at the TIF Note Rate, in the installments specified in this TIF Note, on the Payment Dates.

Capitalized terms not elsewhere defined in this TIF Note shall have the following meanings, and if not defined herein, shall have the meanings assigned them in the Contract:

"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) administrative costs of the City in an amount not to exceed 10% of the Tax Increment.

"Contract" means that certain Contract for Private Redevelopment by and between the City and the Developer dated _____.

"District" means the Wellstone Tax Increment Finance District as defined in the Tax Increment Finance Plan adopted by the City on April 27, 2007 (the "TIF Plan").

"Improvements" shall have the meaning given to Minimum Improvements in the Contract.

"Interest Start Date" means the date when interest begins to accrue on the TIF Note, which date will be the date when the City has issued the Public Redevelopment Costs Certification.

"Maturity Date" means the earlier of (i) the final year of Tax Increment collection from the District as provided in the TIF Plan, or (ii) the date when the principal and interest amount of this TIF Note has been paid in full.

"Payment Date" means July 30 of the year of first increment collection from the District and each July 30 and December 30 thereafter until the Maturity Date.

"Property" shall have the meaning given to it in the Contract.

"Public Redevelopment Costs" shall have the meaning given to it in the Contract.

"Public Redevelopment Costs Certification" means the certification of Public Development Costs to be issued by the City pursuant to Section 4.01(b) of the Contract.

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

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

"TIF Note Rate" means ___% per annum, based upon a 360-day year, compounded semiannually.

On any Payment Date the Available Tax Increment will be expended in the following order:

- (1) Payment of interest which has accrued on the outstanding principal balance of this TIF Note since the last Payment Date (or the Interest Start Date if this is the first Payment Date). Any amount of accrued interest which is not paid on that date will be added to the outstanding principal balance of this TIF Note (capitalized).
- (2) Any remaining Available Tax Increment will then be used to pay principal on the TIF Note.

If the Developer is in default under the Contract, and such default has not been cured within the time period provided in the Contract, then the City may suspend payments on this TIF Note until the default is cured or the Contract and the City's obligations under this TIF Note are terminated. The City shall have no obligation to pay principal of and interest on this TIF Note from any source other than Available Tax Increment. Failure of the City to pay the interest on and the principal of this TIF Note shall not constitute a default hereunder so long as the City pays principal and interest hereon to the extent of the Available Tax Increment.

Interest shall accrue on this TIF Note from the Interest Start Date. Each payment under this TIF Note, whether a scheduled payment or any other payment, must be applied first to accrued unpaid interest and then to the unpaid principal amount of this TIF Note.

On the Maturity Date, this TIF Note shall be deemed paid in full and the City shall have no further obligation under this TIF 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 TIF 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 TIF Note has been paid in full. This TIF Note may be prepaid in full or in part at any time without penalty.

Each payment on this TIF 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 must be made by check or draft made payable to the Developer and mailed to the Developer at 611 East Franklin Avenue South, Minneapolis, Minnesota 55404, or such other address as the Developer provides in writing to the City's notice address as set forth in the Contract or by wire transfer according to written wire transfer instructions from the Developer.

This TIF 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.

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

This TIF 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 executed by the proposed transferee in a form reasonably acceptable to the City.

This TIF 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.

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 TIF 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 TIF Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; that this TIF Note is issued pursuant to the Tax Increment Act; and that this TIF 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 Agency 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 TIF Note to be executed by the manual signature of the Finance Officer of the City; and has caused this TIF Note to be dated _____, 20____.

CITY OF MINNEAPOLIS

By _____
Patrick Born, City Finance Officer

Department Head Responsible
For Monitoring Contract:

CPED Director of Housing Policy
and Development

Approved as to form:

Assistant City Attorney

2. Be It Further Resolved that the form of the TIF Note is hereby approved and shall be executed by the City Finance Officer in substantially the form on file, with such changes therein not inconsistent with law as the officers 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 TIF Note are hereby approved, ratified and confirmed.

4. Be It Further Resolved that the sale of said TIF Note to the Developer is hereby approved; and the TIF Note is hereby directed to be sold to the Developer, at the price and rate set forth in the TIF Note, and upon the terms and conditions set forth in the Redevelopment Contract.

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

6. Be It Further Resolved that no provision, covenant or agreement contained in the TIF Note or in any other document related to the TIF 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 that are to be applied to the payment of the TIF Note, as provided therein and in the Redevelopment Contract. The TIF Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City, except the revenue pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the TIF Note shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the TIF Note or the interest thereon, or to enforce payment thereon against any property of the City. The TIF Note shall not constitute a payment thereon against any property of the City. The TIF 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 TIF Note, when executed and delivered, shall contain a recital that it is issued pursuant to the Tax Increment Act, and such recital shall be conclusive evidence of the validity of the TIF 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 the resolution, to the issuance of the TIF 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 TIF 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 except as herein otherwise expressly provided, nothing in this resolution, the TIF Note or the Redevelopment Contract, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the City and the Developer any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provision hereof or of the TIF Note and Redevelopment Contract; this resolution, the TIF Note, the Redevelopment Contract and all of their provisions being intended to be and being for the sole and exclusive benefit of the City and the Developer.

9. Be It Further Resolved that in case any one or more of the provisions of this resolution, the TIF Note or the Redevelopment Contract shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this resolution, the TIF Note or the Redevelopment Contract.

10. Be It Further Resolved that this resolution shall be in full force and effect from and after its passage.