

**Authorizing the issuance of a tax increment limited revenue note in substantially the form recited herein in a principal amount not exceeding \$719,900 in connection with the St. Anne's Senior 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 redevelopment project known as the St. Anne's Senior Housing Redevelopment Project (the "Project") pursuant to the St. Anne's Senior Housing Redevelopment Plan dated October 25, 2004 and adopted November 19, 2004 (the "Redevelopment Plan"); and

Whereas, pursuant to the TIF Act and in furtherance of the Redevelopment Plan, the City has approved the St. Anne's Senior Housing Tax Increment Financing Plan dated October 25, 2004 and adopted November 19, 2004 (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 St. Anne's A 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 77-unit rental housing project, with 73 affordable housing units, 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 Note]

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

**TAX INCREMENT LIMITED REVENUE NOTE  
(St. Anne's Senior 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 St. Anne's A Limited Partnership, a Minnesota corporation (the "Developer"), solely from the source, to the extent and in the manner hereinafter provided, the principal amount of this Note, being Seven Hundred Nineteen Thousand Nine Hundred and no/100 Dollars (\$719,900) or such lesser amount as may equal the Public Redevelopment Costs, with interest at the Note Rate, in the installments specified in this Note, on the Payment Dates.

Capitalized terms not defined elsewhere in this Note 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, Subds. 9, 10, and 11; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time; and (ii) actual administrative costs of the City in an amount not to exceed 10% of the Tax Increment.

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

**"District"** means the St. Anne's Senior Housing Tax Increment Financing District within the Project.

**"Maturity Date"** means the earlier of (i) February 1 of the year following the final year of Tax Increment collection from the District; and (ii) the date when the principal and interest amount of this Note has been paid in full.

**"Minimum Improvements"** means a 77-unit rental housing project, with 73 affordable housing units, and related site and public improvements as further described in the Contract.

**"Note Rate"** means *[TBD, but not to exceed six percent (6%) per annum]* annual interest.

**"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.

**"Project"** means the St. Anne's Senior Housing Redevelopment Project.

**"Property"** means the real property legally described in the attached **Exhibit A**.

**"Public Redevelopment Costs"** means Public Redevelopment Costs as defined in and approved by the City pursuant to the Contract.

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

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

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

**"TIF Plan"** means the St. Anne's Senior Housing Tax Increment Financing Plan dated October 25, 2004 adopted November 19, 2004.

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. The City shall have no obligation to pay principal of and interest on this Note from any source other than Available Tax Increment. Failure to make a scheduled payment shall not constitute a default under this Note so long as the City pays principal and interest hereon to the extent of the Available Tax Increment.

If before the issuance of the Certificate of Completion (as defined in the Contract) the Developer defaults under the Contract and 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 Contract and the City's obligations under this Note are terminated. If the City suspends payments due under the Note, the City shall make the suspended payments to the Developer within five (5) business days after the Developer has cured the default. The City is not obligated to pay interest on the amount of the suspended payments between the date the payment is suspended and the last date on which the City is obligated to make the suspended payments to the Developer. If all or a portion of the property taxes due and owing on the Minimum

Improvements are not paid, then upon such failure to pay, no interest as required by the Note shall accrue on an amount equal to the amount of the Available Tax Increment that would have been paid to the City had such property tax amounts been paid.

Interest shall accrue on the initial principal amount of this Note from the date of issue of the Public Redevelopment Costs Certification. Each payment under this Note, whether a scheduled payment or any other payment, shall be applied first to current interest, then to accrued unpaid interest and then to the unpaid principal amount of this Note.

On the Maturity Date, this Note shall be deemed paid in full and the City shall have no further obligation under this Note even if the aggregate of the Available Tax Increment that has actually been paid to the Developer on the Payment Dates is less than the full principal and interest amount of this Note. The obligation of the City to make any scheduled payment shall terminate if and to the extent that the full principal and interest amount of this Note has been paid in full. This Note may be prepaid in full or in part at any time without penalty.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by wire transfer according to written wire transfer instructions provided by the Developer or by check or draft made payable to the Developer and mailed to the Developer at 1300 Nicollet Mall Suite 600 Minneapolis MN 55403, 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 executed by the transferee in a form 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.

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 Mayor and City Council, has caused this Note to be executed by the manual signature of its Finance Officer, and has caused this Note to be dated *[insert date]*.

**CITY OF MINNEAPOLIS**

By \_\_\_\_\_  
Patrick Born  
Its Finance Officer

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney

**EXHIBIT A TO NOTE**

***[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 are hereby approved, ratified and confirmed.

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

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

6. Be It Further Resolved that no provision, covenant or agreement contained in the aforementioned documents, the Note or in any other document related to the Note, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to any pecuniary liability of the City or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the tax increment revenues which are to be applied to the payment of the Note, as provided therein and in the Redevelopment Contract. The Note shall not constitute a charge, lien or encumbrance, legal or equitable upon any property or funds of the City except that revenue and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the Note shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the Note or the interest thereon, or to enforce payment hereon against any property of the City. The Note shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

7. Be It Further Resolved that the Note, when executed and delivered, shall contain a recital that it is issued pursuant to the TIF Act, and such recital shall be conclusive evidence of the validity of the Note and the regularity of the issuance thereof, and that all acts, conditions and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Note and to the execution of the aforementioned documents to happen, exist and be performed precedent to and in the enactment of this resolution, and precedent to issuance of the Note and precedent to the execution of the aforementioned documents have happened, exist and have been performed as so required by law.

8. Be It Further Resolved that this resolution shall be in full force and effect from and after its date of publication.