

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS, MINNESOTA AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (GNMA COLLATERALIZED MORTGAGE LOAN — ST. ANTHONY MILLS APARTMENTS PROJECT), SERIES 2005, PAYABLE SOLELY FROM REVENUES PLEDGED PURSUANT TO AN INDENTURE AND FINANCING AGREEMENT; AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF ITS MULTIFAMILY HOUSING REVENUE NOTE (ST. ANTHONY MILLS APARTMENTS PROJECT), SUBORDINATE SERIES 2005, PAYABLE SOLELY FROM REVENUES PLEDGED PURSUANT TO A NOTE AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS AND THE NOTE AND RELATED DOCUMENTS; PROVIDING FOR THE SECURITY, RIGHTS, AND REMEDIES WITH RESPECT TO THE BONDS AND THE NOTE; APPROVING THE FORM OF A HOUSING PROGRAM; AND ESTABLISHING COMPLIANCE WITH CERTAIN REIMBURSEMENT REGULATIONS UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; AND GRANTING APPROVAL FOR CERTAIN OTHER ACTIONS WITH RESPECT THERETO**

WHEREAS, the City of Minneapolis, Minnesota (the “City”), is a municipal corporation and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Minnesota; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”), the City is authorized to carry out the public purposes described in the Act by issuing revenue bonds to finance or refinance multifamily housing developments located within the City, and as a condition to the issuance of such revenue bonds, adopt a housing program providing the information required by Section 462C.03, subdivision 1a, of the Act; and

WHEREAS, in the issuance of the City’s revenue bonds and in the making of a loan to finance a multifamily housing development the City may exercise, within its corporate limits, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended; and

WHEREAS, BD St. Anthony Mills Limited Partnership, a Minnesota limited partnership (the “Borrower”), has requested that the City issue its revenue bonds and a revenue note under the Act and lend the proceeds thereof to the Borrower to finance the following: (i) acquisition and construction of an approximately 93-unit multifamily rental apartment development and facilities functionally related and subordinate thereto (the “Project”) comprised of a five-story building located at the northwest corner of the intersection of Washington Avenue and Chicago Avenue in the City; and (ii) the payment of certain costs related to the issuance of the bonds and the note; and

WHEREAS, the Project is designed and intended to be used primarily for rental to and occupancy by persons and families of low and moderate income; and

WHEREAS, the City has prepared a housing program (the “Housing Program” or “Program”), a copy of which is on file with the City, to authorize the issuance by the City of up to \$9,100,000 in

revenue bonds to refinance and finance the acquisition, construction, and equipping by the Borrower of the Project; and

WHEREAS, the Housing Program was prepared and submitted to the Metropolitan Council for its review; and

WHEREAS, a notice of public hearing (the "Public Notice") was published in *Finance and Commerce*, the official newspaper and a newspaper of general circulation in the City, with respect to: (i) the required public hearing under Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) the Housing Program; and (iii) approval of the issuance of the Bonds, as hereinafter defined; and

WHEREAS, the Public Notice was published at least fifteen (15) days before the regularly-scheduled meeting of the Community Development Committee of the City Council of the City and on May 17, 2005, the Community Development Committee of the City Council conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing, on (i) the Housing Program, (ii) the proposed issuance of the housing revenue bonds, in an aggregate principal amount not to exceed \$9,100,000, and (iii) the location and nature of the Project; and

WHEREAS, Pursuant to Resolution No. 2005-34, adopted by the City Council of the City on May 27, 2005, the City Council approved the Housing Program and provided preliminary approval for the sale and issuance of revenue bonds, in an aggregate principal amount not to exceed \$9,100,000, to assist in financing the Project; and

WHEREAS, the Borrower has requested that the City issue, sell, and deliver its Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan — St. Anthony Mills Apartments Project), Series 2005 (the "Bonds"), in the original aggregate principal amount not to exceed \$6,200,000 and its Multifamily Housing Revenue Note (St. Anthony Mills Apartments Project), Subordinate Series 2005 (the "Note"), in the original aggregate principal amount not to exceed \$2,900,000; and

WHEREAS, the proceeds derived from the sale of the Bonds will be loaned by the City to the Borrower pursuant to the terms of a Financing Agreement, dated on or after September 1, 2005 (the "Financing Agreement"), between the City, the Borrower, MMA Mortgage Investment Corporation, a Florida corporation (the "Mortgage Lender"), and the Trustee (as defined herein), whereby the City will apply the proceeds derived from the sale of the Bonds to fund a loan (the "Mortgage Loan") by the Mortgage Lender to the Borrower, to be evidenced by a promissory note (the "Mortgage Note") of the Borrower, secured by a mortgage lien (the "Mortgage") on the Project and to be insured by the Federal Housing Administration ("FHA"), and upon endorsement of the Mortgage Loan by the FHA, the Mortgage Lender is to issue and deliver to the Trustee, as security for the Bonds, a security (the "GNMA Security") issued by the Mortgage Lender and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"); and

WHEREAS, the Bonds will be issued under an Indenture of Trust, dated on or after September 1, 2005 (the "Indenture"), between the City and the trustee named therein (the "Trustee"), and the Bonds and the interest on the Bonds: (i) shall be payable solely from the revenues pledged therefor; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City's interest in the Project and the Financing Agreement; and (v) shall not constitute a general or moral obligation of the City; and

WHEREAS, the Note will be issued pursuant to the terms of a Note Agreement, dated on or after September 1, 2005 (the "Note Agreement"), between the City and the Borrower, whereby the proceeds derived from the sale of the Note to U.S. Bank National Association (the "Note Lender") will be loaned from the City to the Borrower pursuant to the terms of the Note Agreement; and

WHEREAS, to secure the payments of principal and interest on the Note, the City will assign the Note Agreement to the Note Lender pursuant to an Assignment of Note Agreement, dated on or after September 1, 2005 (the "Assignment of Note Agreement"); and

WHEREAS, the Note and the interest on the Note: (i) shall be payable solely from the security pledged therefor; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City's interest in the Project and the Note Agreement; and (v) shall not constitute a general or moral obligation of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS, MINNESOTA, AS FOLLOWS:

1. The City acknowledges, finds, determines, and declares that the issuance of the Bonds and the Note are authorized by the Act and is consistent with the purposes of the Act and that the issuance of the Bonds and the Note, and the other actions of the City under the Indenture, the Financing Agreement, the Note Agreement, and this resolution constitute a public purpose and are in the best interests of the City. In authorizing the issuance of the Bonds and the Note for the financing of the Project and the related costs, the City's purpose is and the effect thereof will be to promote the public welfare of the City and its residents by providing multifamily housing developments for low income residents of the City and otherwise furthering the purposes and policies of the Act.

2. The City understands that the Borrower will pay directly or through the City any and all costs (including attorneys' fees) incurred by the City in connection with the Program, whether or not the Project is completed, and whether or not the Bonds and the Note are issued.

3. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Bonds in one or more series in the maximum aggregate principal amount not to exceed \$6,200,000. The Bonds shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Indenture, in the form now on file with the City, with the amendments referenced herein. The City hereby authorizes the Bonds to be issued, in whole or in part, as "tax-exempt bonds," the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes.

All of the provisions of the Bonds, 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 Bonds shall be substantially in the forms in the Indenture on file with the City, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturities of the Bonds, the interest rates on the Bonds, the terms of redemption of the Bonds, and variation from City policies regarding methods of offering conduit bonds) as the Finance Officer (the "Finance Officer"), in his discretion, shall determine. The execution of the Bonds with the

manual or facsimile signature of the Finance Officer and the delivery of the Bonds by the City shall be conclusive evidence of such determination.

4. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Note in the maximum aggregate principal amount not to exceed \$2,900,000. The Note shall bear interest at the rate, shall be designated, shall be dated, shall mature, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the form now on file with the City, with the amendments referenced herein. The City hereby authorizes the Note to be issued, in whole or in part, as a “tax-exempt obligation,” the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes.

All of the provisions of the Note, 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 Note shall be substantially in the form on file with the City, which form is hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Note, the stated maturity of the Note, the interest rate on the Note, the terms of redemption of the Note, and variation from City policies regarding methods of offering conduit notes) as the Finance Officer, in his discretion, shall determine. The execution of the Note with the manual or facsimile signature of the Finance Officer and the delivery of the Note by the City shall be conclusive evidence of such determination.

5. The Bonds shall be special, limited obligations of the City payable solely from the revenues provided by the Borrower pursuant to the Financing Agreement, and other funds pledged pursuant to the Indenture. The City Council of the City hereby authorizes and directs the Finance Officer to execute the Indenture, and to deliver the Indenture to said Trustee, and hereby authorizes and directs the execution of the Bonds in accordance with the terms of the Indenture, and hereby provides that the Indenture shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Bonds, the City and the Trustee as set forth therein.

All of the provisions of the 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 Indenture shall be substantially in the form on file with the City, which is hereby approved, with such necessary and appropriate variations, omissions and insertions as do not materially change the substance thereof, and as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determination.

6. The Note shall be a special, limited obligation of the City payable solely from the revenues provided by the Borrower pursuant to the Note Agreement. The City Council of the City hereby authorizes and directs the Finance Officer to execute the Note Agreement and the Assignment of Note Agreement, and to deliver the Assignment of Note Agreement to the Note Lender, and hereby authorizes and directs the execution of the Note in accordance with the terms of the Note Agreement, and hereby provides that the Note Agreement shall provide the terms and conditions, covenants, rights, obligations, duties and agreements of the Borrower, the City and the Note Lender, as owner of the Note, as set forth therein.

All of the provisions of the Note Agreement, 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 Note Agreement

shall be substantially in the form on file with the City, which is hereby approved, with such necessary and appropriate variations, omissions and insertions as do not materially change the substance thereof, and as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determination.

7. The Finance Officer is hereby authorized and directed to execute and deliver the Financing Agreement, the Tax Compliance Agreement, dated on or after September 1, 2005 (the "Tax Compliance Agreement"), between the City, the Borrower, the Trustee, and the Mortgage Lender, and the Bond Purchase Agreement, dated on or after September 1, 2005 (the "Bond Purchase Agreement"), between the City, Wells Fargo Brokerage Services, LLC (the "Underwriter"), and the Borrower. All of the provisions of the Financing Agreement, the Tax Compliance Agreement, and Bond 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 Financing Agreement, the Tax Compliance Agreement, and Bond Purchase Agreement shall be substantially in the forms on file with the City which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, and as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determination.

To ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code, the City shall enter into a Regulatory Agreement, dated on or after September 1, 2005 (the "Regulatory Agreement"), between the City, the Borrower, and the Trustee. All of the provisions of the Regulatory 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 Regulatory Agreement shall be substantially in the form on file with the City which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determination.

8. The Bonds shall be special, limited revenue obligations of the City, the proceeds of which shall be disbursed pursuant to the terms of the Indenture and the Financing Agreement, and the principal, premium, and interest on the Bonds shall be payable solely from the proceeds of the Bonds, the revenues derived from the Financing Agreement, and the other sources set forth in the Indenture.

9. The Note shall be a special, limited revenue obligation of the City, the proceeds of which shall be disbursed pursuant to the terms of the Note Agreement, and the principal, premium, and interest on the Note shall be payable solely from the proceeds of the Note, the security pledged pursuant to the Note Agreement, and other sources pledged by the Borrower.

10. The United States Department of the Treasury has promulgated Treasury Regulations, Section 1.150-2 (the "Regulation") governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City or a borrower from the City for project expenditures paid prior to the date of issuance of such bonds. The Regulation requires that the City adopt a statement of official intent to reimburse an original expenditure not later than sixty (60) days after payment of the original expenditure. The Regulation also generally requires that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within eighteen (18) months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event more than three (3) years after the date the expenditure is paid. The Regulation generally permits reimbursement of capital expenditures and costs of issuance of the bonds.

The City expects that a portion of the costs of the Project will be expended prior to the date of issuance of the Bonds and the Note. The City reasonably expects to reimburse the Borrower for such expenditures from the proceeds of the Bonds and the Note after the date of issuance of the Bonds and the Note. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or the Note, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds or the Note, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimus” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to the Project to be reimbursed from the proceeds of the Bonds or the Note have been made by the Borrower more than sixty (60) days before the date of adoption of this resolution.

Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing or the expenditures related to the Project to be financed from proceeds of the Bonds or the Note, other than pursuant to the issuance of the Bonds and the Note. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

11. The City has established a governmental program of acquiring purpose investments for qualified residential rental projects. The governmental program is one in which the following requirements of Section 1.148-1(b) of the Treasury Regulations relating to tax-exempt obligations shall be met: (i) the program involves the origination or acquisition of purpose investments; (ii) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing; (iii) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from the obligor; and the City shall not waive the right to treat the investment as a program investment.

12. The Trustee is hereby appointed as Paying Agent and Bond Registrar for the Bonds. The Finance Officer is hereby appointed as Paying Agent and Bond Registrar for the Note.

13. The Finance Officer is hereby authorized to execute and deliver, on behalf of the City, such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds and the Note, including a City Tax Certificate, an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038 with respect to the Bonds and with respect to the Note, and all other documents and certificates as shall be necessary and appropriate in connection with the issuance, sale, and delivery of the Bonds and the Note. The City hereby approves the execution and delivery by the Trustee of the Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the Bonds that require execution by the Trustee. The City hereby authorizes Kennedy & Graven, Chartered, as bond counsel of the City, to prepare, execute, and deliver its approving legal opinions with respect to the Bonds and the Note.

14. The preparation of an official statement or other form of disclosure document (the "Disclosure Document") in conjunction with the offer and sale of the Bonds is hereby authorized. When approved by the Finance Officer, the Disclosure Document is authorized to be distributed in conjunction with the offer and sale of the Bonds. The City hereby approves the Continuing Disclosure Agreement, dated on or after September 1, 2005 (the "Continuing Disclosure Agreement"), between the Borrower and the Trustee, in the form now on file with the City, and hereby authorizes the Trustee to execute and deliver the Continuing Disclosure Agreement.

15. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the City or the City Council by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the City or by such members of the City Council, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the City Council of the City, or any officer, agent or employee of the City in that person's individual capacity, and neither the City Council of the City nor any officer or employee executing the Bonds or the Note shall be personally liable on the Bonds or the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

No provision, covenant or agreement contained in the aforementioned documents, the Bonds, the Note, or in any other document relating to the Bonds or the Note, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to a general or moral obligation of the City or 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 Financing Agreement which are to be applied to the payment of the Bonds, as provided therein and in the Indenture, and funds and revenues derived from the Note Agreement which are to be applied to the payment of the Note, as provided therein.

16. Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the City, any holder of the Bonds or Note issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the City, and any holder from time to time of the Bonds or Note issued under the provisions of this resolution.

17. In case any one or more of the provisions of this resolution, other than the provisions contained in the first sentence of Section 5 or in the first sentence of Section 6 hereof, or of the aforementioned documents, or of the Bonds or the Note 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 Bonds or the Note, but this resolution, the aforementioned documents, and the Bonds and the Note shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

18. The Bonds and the Note, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Bonds and 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 Bonds and the Note, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

19. The officers of the City, bond counsel, other attorneys, engineers, and other agents or employees of the City are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, the Bonds, and the Note for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the Note, the aforementioned documents, and this resolution. If for any reason the Finance Officer is unable to execute and deliver the documents referred to in this Resolution, such documents may be executed by any member of the City Council or any officer of the City delegated the duties of the Finance Officer with the same force and effect as if such documents were executed and delivered by the Finance Officer.

20. The Borrower will pay the administrative fees of the City and pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the Project and the issuance of the Bonds and the Note, whether or not the Bonds and Note are issued, including any costs for attorneys' fees.

21. This Resolution shall be in full force and effect from and after its approval and publication.