

**RESOLUTION**

of the

**MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY**

by \_\_\_\_\_

**Relating to the Minneapolis Community Development Agency Revenue Note (Hope Community, Inc. Project) Series 2005; authorizing the issuance thereof pursuant to Minnesota Statutes, Chapter 462C, as amended.**

Be It Resolved by the Board of Commissioners (the “Board”) of the Minneapolis Community Development Agency (the “Agency”), as follows:

Section 1. Definitions.

1.01. In this Resolution the following terms have the following respective meanings unless the context hereof or use herein clearly requires otherwise:

“Act” means Minnesota Statutes, Chapter 462C, as amended;

“Agreement” means the Loan Agreement to be entered into between the Agency and the Borrower relating to the Note;

“Borrower” means Hope Community, Inc., a Minnesota nonprofit corporation, its successors and assigns;

“City” means the City of Minneapolis, Minnesota;

“Holder” means the registered holder of the Note;

“Note” means the Revenue Note (Hope Community, Inc. Project), Series 2005 to be issued by the Agency pursuant to this Resolution in the principal amount of up to \$2,100,000;

“Note Documents” means the Agreement, the Pledge Agreement, the Regulatory Agreement and the Note;

“Pledge Agreement” means the Pledge Agreement to be entered into between the Agency and the Holder relating to the Agreement and the Note;

“Program” means the Agency’s Chapter 462C Housing Program relating to the Note and the Project;

“Project” means the low to moderate income rental housing facilities and related land to be financed and refinanced with the proceeds of the Note, as further defined in the Agreement;

“Regulatory Agreement” means the Regulatory Agreement with respect to the Project between the Agency and the Borrower;

“Resolution” means this resolution of the Agency.

## Section 2. Findings.

2.01. It is hereby found and declared that:

(a) based upon representations made to the Agency by representatives of the Borrower as to the nature of the Project as described in the Agreement, the Project constitutes a project authorized by the Act;

(b) the purpose of the Project is and the effect thereof is to promote the provision of affordable housing facilities;

(c) the refinancing and financing of the Project, the issuance and sale of the Note, the execution and delivery of the Note Documents and the performance of all covenants and agreements of the Agency contained in the Note Documents and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Note Documents valid and binding obligations of the Agency in accordance with their terms are authorized by the Act;

(d) it is desirable that the Note be issued by the Agency upon the terms set forth herein and that the Agency pledge its interest in the Agreement and grant a security interest therein to the Holder as security for the payment of the principal of, premium, if any, and interest on the Note;

(e) the loan payments contained in the Agreement are fixed and are required to be revised from time to time as necessary, so as to produce income and revenue sufficient to provide for prompt payment of the principal of, premium, if any, and interest on the Note when due, and the Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but not limited to, adequate insurance thereon and all taxes and special assessments levied upon or with respect to the Project and payable during the term of the Agreement;

(f) under the provisions of the Act, the Note is not to be payable from nor charged upon any funds of the Agency or City other than the revenue pledged to the payment thereof; the Agency and City are not subject to any liability thereon; no Holder of the Note shall ever have the right to compel any exercise of the taxing power of the Agency or City to pay the Note or the interest thereon nor to enforce payment thereof against any property of the Agency or City; the Note, premium, if any, and interest thereon shall not constitute an indebtedness of the Agency or City within the meaning of any constitutional, charter or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Agency or City or a charge against their

general credit or taxing powers and shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Agency or City;

(g) the execution and delivery of the Note Documents shall not conflict with or constitute, on the part of the Agency, a breach of or a default under any existing agreement, indenture, mortgage, lease or other instrument to which the Agency is subject or is a party or by which it is bound; provided that this finding is made solely for the purpose of estopping the Agency from denying the validity of the Note Documents by reason of the existence of any facts contrary to this finding;

(h) no litigation is pending or, to the best knowledge of the members of this Board, threatened against the Agency questioning the organization of the Agency or the right of any officer of the Agency to hold his or her office or in any manner questioning the right and power of the Agency to execute and deliver the Note or otherwise questioning the validity of the Note or the execution, delivery or validity of the Note Documents or questioning the pledge of revenues to payment of the Note or the right of the Agency to loan the proceeds of the Note to the Borrower;

(i) all acts and things required under the Constitution and the laws of the State of Minnesota to make the Note Documents the valid and binding limited obligations of the Agency in accordance with their terms shall have been done upon adoption of this Resolution and execution of the Note Documents; provided that this finding is made solely for the purpose of estopping the Agency from denying the validity of the Note Documents by reason of the existence of any facts contrary to this finding; and

(j) the Agency is duly organized and existing under the Constitution and the laws of the State of Minnesota and is authorized to issue the Note in accordance with the Act and Chapter 422 of the City Code of Ordinances.

### Section 3. Authorization and Approval of Documents.

3.01. Authorization. The Agency is authorized by the Act to issue revenue obligations and loan the proceeds thereof to finance facilities constituting a “development” as defined in the Act, and to make all contracts, execute all instruments and do all things necessary or convenient in the exercise of such authority.

3.02. Approval of Documents. Pursuant to the foregoing, there have been prepared copies of the following documents, all of which are now or shall be placed on file in the office of the Agency:

- (a) the Agreement;
- (b) the Pledge Agreement;
- (c) the Note;
- (d) the Regulatory Agreement; and

(e) the Program.

The forms of the documents listed above are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by the Agency.

Section 4. Execution of Note Documents.

4.01. Upon the completion of the Note Documents approved in Section 3.02 hereof and the execution thereof by the other parties thereto, the Executive Director (or Deputy Executive Director) and the Finance Officer (or Assistant Finance Officer) shall execute the same on behalf of the Agency, and the foregoing persons and other officers of the Agency shall execute such other certifications, documents or instruments as note counsel shall require, subject to the approval of the Agency, and all certifications, recitals and representations therein shall constitute the certificates, recitals and representations of the Agency. Execution of any instrument or document by one or more appropriate officers of the Agency shall constitute and shall be deemed the conclusive evidence of the approval and authorization by the Agency and the Board of the instrument or document so executed.

Section 5. The Note.

5.01. Form and Authorized Amount. The Note shall be issued substantially in the form on file with the Agency on the date hereof with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The terms of the Note are set forth therein, and such terms, including, but not limited to, provisions as to interest rate, dates and amount of payment of principal and interest and prepayment privileges, are incorporated by reference herein. The initial interest rate on the Note shall not exceed an annual rate of 5.50%. The Note shall mature on or before December 1, 2026.

5.02. Execution. The Note shall be executed on behalf of the Agency by the persons described in Section 4.01 hereof. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery thereof, such signature shall, nevertheless, be valid and sufficient for all purposes.

5.03. Delivery and Use of Proceeds. Prior to delivery of the Note, the documents referred to in Section 3.02 hereof shall be completed and executed in form and substance as approved by the Agency. The Agency shall thereupon deliver to the Holder the Note together with a certified copy of this Resolution and such closing certificates as are required by bond counsel.

Section 6. Limitations of the Agency's and City's Obligations.

6.01. Notwithstanding anything contained in the Note Documents, the Note and any premium and interest thereon shall not constitute an indebtedness of the Agency or City within the meaning of any constitutional, charter or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Agency or City or a charge against their general credit or taxing powers and shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Agency or City, and no Holder of the Note shall ever have the right to compel any exercise of the taxing power of the Agency or City to pay the Note or the interest

thereon or to enforce payment thereof against any property of the Agency or City. The agreement of the Agency to perform the covenants and other provisions contained in this Resolution or the Note Documents shall be subject at all times to the availability of revenues furnished by the Borrower sufficient to pay all costs of such performance or the enforcement thereof, and neither the Agency or City nor any of their officers, employees or agents shall be subject to any personal or pecuniary liability thereon.

Section 7. Agency Representative.

7.01. The Executive Director or Deputy Executive Director of the Agency is hereby designated and authorized to act on behalf of the Agency for purposes of the Note Documents.

Section 8. Governmental Program.

8.01. The Note is hereby designated as a “Program Bond” and is determined to be within the “Housing Program” and the “Program,” all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.

Section 9. Bank Qualification.

9.01. In order to qualify the Note as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), the Agency makes the following representations:

(a) The Agency hereby designates the Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code;

(b) The reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the Agency (and all subordinate entities whose obligations will be aggregated with those of the Agency) during this calendar year 2005 will not exceed \$10,000,000; and

(c) Not more than \$10,000,000 of tax-exempt obligations issued by the Agency during this calendar year 2005 have been designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.