Request for City Council Committee Action
From the Department of Community Planning & Economic Development

Date: October 11, 2005

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Donna Wiemann, Principal Project Coordinator, 612-673-5257

Presenter in Committee: Donna Wiemann, Principal Project Coordinator

Approved by: Chuck Lutz, Deputy CPED Director _____
Elizabeth Ryan, Director, Housing Policy & Development _____

Subject: Land Sale Public Hearing and other actions related to the St. Anthony Mills Apartments (SAMA) project to be located at 720 Washington Avenue South

RECOMMENDATION: Approve the following:
1) the attached City Council resolution authorizing the sale of the property located at 720 Washington Avenue South and an air rights parcel to be created by vertical subdivision of Lot 2, Block 1, The New Mills District Second Addition and described as "Tract C" on the attached registered land survey to BD St. Anthony Mills Limited Partnership for $480,944 for the development of St. Anthony Mills Apartments;
2) the attached City Council Resolution authorizing the issuance of a Pay-as-you-go Tax Increment Limited Revenue Note to BD St. Anthony Mills Limited Partnership in a principal amount not to exceed $1,234,100;
3) the new terms of the previously approved $1,200,248 Affordable Housing Trust Fund loan, the $250,000 Hennepin County Transit Oriented Development funding, the $121,194 Metropolitan Council Tax Based Revitalization Account funding, the $400,000 Affordable Housing Reserve Fund loan, and the $500,097 Downtown Minneapolis Neighborhood Association's NRP funding to the St. Anthony Mills Apartment project as described herein;
4) the deferral of up to $218,824 of the purchase price for the land to be repaid by BD St. Anthony Mills Limited Partnership pursuant to a purchase note and mortgage according to the terms described in this report;
5) authorize the City to enter into a Parking Agreement with BD St. Anthony Mills Limited Partnership for 76 spaces in the Mill Quarter Municipal Ramp for the long-term parking needs of the SAMA project as described herein;

6) authorize the City to enter a Reciprocal Maintenance, Use and Easement Agreement with BD St. Anthony Mills Limited Partnership addressing mutual easement and operational issues pertaining to the air rights, liner, and ramp parcels;
7) authorize the City to enter into such rights of entries, encroachment permits and similar agreements as are needed to implement an early construction start as described herein; and
8) authorize the City to execute loan, lease, and other documents necessary to implement the actions described in this report.

Previous Directives: The MCDA acquired the block (Parcel D) in which the parcel is located in the 1990s. Approval of the Concept Plan for Parcel D development by Brighton Development Corporation was given on February 2, 2000. Approval of $1,000,000 Affordable Housing Trust Fund loan was given in 2003 and 2004 ($500,000 on May 16, 2003 and $500,000 on May 28, 2004). Approval of Public Analysis Authorization (PAA) for Parcel D East was given on April 30, 2004. Approval of $400,000 NRP Affordable Housing Reserve Fund loan was given on April 15, 2005. In May, 2005, Preliminary Approval to issue up to $9,100,000 in Housing Revenue Bonds was given. In August 2005, Council approvals included the final approval to issue up to $9,100,000 in Housing Revenue Bonds and approval of $200,480 Affordable Housing Trust Fund loan, approval of the redevelopment contract business terms, and approval of the SAMA Tax Increment Finance Plan, Modification No. 20 to the Industry Square Redevelopment Plan and Modification No. 105 to the Common Plans.

Financial Impact (Check those that apply)

____ No financial impact - or - Action is within current department budget. (If checked, go directly to next box)
____ Action requires an appropriation increase to the Capital Budget
____ Action requires an appropriation increase to the Operating Budget
____ Action provides increased revenue for appropriation increase
____ Action requires use of contingency or reserves
_X_ Other financial impact (Explain): Land sale eliminates property mgmt. costs.
____ Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: 2

Neighborhood Notification: The Downtown Minneapolis Residents Association reviewed this proposal and recommended approval.

City Goals: Foster the development and preservation of a mix of quality housing

types that is available, affordable, meets current needs, and promotes future growth.

Comprehensive Plan: This lot is located within the Downtown 2010 plan which was adopted in 1996 and the sale is, therefore, consistent with the City's Comprehensive Plan.

Zoning Code: The property is zoned C3A, the proper zoning for the SAMA project.

Living Wage/Job Linkage: N/A

Other: The proposed St. Anthony Mills Apartments is a part of a Planned Residential Development.

Background/Supporting Information

PARCEL	ADDRESS	SALE PRICE
Disposition Parcel "D-3", Lots 3 & 4, Block 1, The New Mills District Second Addition 720 Washington Avenue South and Disposition Parcel "D-4" Tract C - a 40 x 97 square foot air rights parcel to be created by pending vertical subdivision of Lot 2, Block 1 The New Mills District Second Addition		$480,944

PURCHASER
BD St. Anthony Mills Limited Partnership
c/o Brighton Development Corporation
614 North 1st Street, Suite 100
Minneapolis, MN 55401

PROPOSED DEVELOPMENT:
In February, 2000, the Council granted concept approval for Brighton Development Corporation to develop Parcel D, a two block area bound by Chicago Avenue on the east, Washington Avenue on the south, Portland Avenue on the west, and Second Street on the north. Staff is now recommending that the property located at the most easterly side of Parcel D along Chicago Avenue between Washington Avenue and

Second Street be sold to BD St. Anthony Mills Limited Partnership. The property address is 720 Washington Avenue South and it is 26,019 square feet in size. In addition, staff is recommending that the vertical parcel to be created in the space above the Mill Quarter Municipal Ramp office on Second Street be sold to BD St. Anthony Mills Limited Partnership. This parcel is described as Tract C, in a pending registered land survey to vertically subdivide Lot 2, Block 1, The New Mills District Second Addition. The property is 3,880 square feet in size and will be used for a portion of the second to the fifth floors of the SAMA project.

St. Anthony Mills Apartments (SAMA) is new construction of 93 rental apartments with some retail spaces on the first floor. The building footprint has three wings surrounding the Mill Quarter Municipal Parking Ramp, which was recently completed. SAMA will be a five story building and the project developer is BD St. Anthony Mills Limited Partnership whose general partner will be Brighton Development Corporation or an affiliated entity.

Eighty-five of the 93 units will be affordable to households at or below 60% of median; eight units will be market rate and will be under a long-term lease to the Guthrie for their artists in residence. There will be two small, commercial spaces on the ground floor – one at the corner of Washington and Chicago and one at the corner of Second Street and Chicago. Unit composition will be 15 zero bedrooms, 62 one bedrooms, and 16 two bedrooms.

LAND SALE PRICE:

In February, 2000, the City Council approved Brighton's concept plan for Parcel D and granted them exclusive development rights. In 2000, the SAMA site was valued at $262,120. During the four years in which Brighton worked putting the project together (e.g. designing the building as a liner development, raising development funds, designing the project to meet the standards of the historical area) $262,120 was used as site land sale price in all of the development proformas which were submitted to the various funders for development funding.

In mid-2004, City staff commissioned an updated appraisal for Parcel D. Based upon the updated appraisal, CPED's staff appraiser determined the current reuse value of the SAMA parcel and the vertical parcel to be $480,944. CPED's staff appraiser, management, and Multi-Family Housing staff support selling the property for $480,944, the current fair reuse value. It is proposed, however, that $262,120 be paid in cash or certified funds at closing and that the $218,824 difference between $480,944 and $262,120 be provided to the project as a loan. The proposed term is a deferred payment loan at 1% simple interest due and payable on December 31, 2048.

This approach is being proposed because an increase in the City's sale price of the property would create an additional funding gap that would most likely not be filled by

the other public funders (MHFA, Hennepin County, Met Council, and so forth) who based their funding decisions on a stated land price of $262,120.

LAND DISPOSITION POLICY:
This property is a buildable lot as defined by City policy and is being sold for development.

FINANCING:
The estimated total development cost is $15,846,677. A complete overview of the development sources and uses is provided in the attached Project Data Worksheet. With the Council's approval of the $218,824 purchase mortgage and note, all of the development funds for SAMA have been committed.

The terms of the City's financing were established when the funding was approved by the Council. Since then, the term of the first mortgage, a HUD insured 221(d)(4) program, has been established to be 40 years. As a result, the City, County, and MHFA subordinated mortgages must be structured with terms longer than the first mortgage and, therefore, the developer has requested that the terms of financing either provided directly by the City or administered by the City be loans and structured as follows:

1. $250,000 Hennepin County Transited Oriented Development funds: 0% interest, deferred payment loan due on December 31, 2048.
2. $121,194 Metropolitan Council funds: 0% interest, deferred payment loan due on December 31, 2048.
3. $400,000 NRP Affordable Housing Reserve Funds: 1% interest, deferred payment loan due on December 31, 2048.
4. $500,097 Downtown Minneapolis Residents Association NRP Funds: 1% interest, deferred payment loan due on December 31, 2048.
5. $1,200,248 Affordable Housing Trust Fund: 1% interest, deferred payment loan due on December 31, 2048.
6. $218,824 Purchase Mortgage and Note: 1% interest, deferred payment loan due on December 31, 2048.

TIF FINANCING

On September 2, 2005, the Council approved the SAMA Tax Increment Finance Plan, Modification No. 20 to the Industry Square Redevelopment Plan and Modification No. 105 to the Common Plans. According to the projections from the City's finance staff, the project will generate annual tax increment in an amount for the City to issue a "pay-as-you-go" limited revenue TIF note in an amount not to exceed $1,234,100. It will be used as additional project revenue to amortize the first mortgage. The term of the TIF district will be the statutory maximum of 26 years; the TIF Note interest rate will be 5.60% and the term of the TIF assistance to the project will be 26 years.

PARKING AGREEMENT

The development of SAMA, an affordable housing project, is part of the restoration and construction adjacent to the Washburn Crosby Mills. The completed condominium homes, the construction of the Guthrie, and the development of the Mill City Museum have created a new vitality to this area. Brighton Development Corporation has worked with the City for the past several years to develop a workable design for SAMA which will surround the recently completed Mill Quarter Municipal Parking Ramp on three sides.

The long-term parking needs of the SAMA residents will be provided in the ramp. There will be 76 designated parking spaces, including two disability accessible spaces. The spaces will be located on the main level and will be available on a 24/7 basis by the SAMA residents. The parking proposal will be formalized by a Parking Agreement with BD St. Anthony Mills Limited Partnership. The Limited Partnership will guarantee payment of the rental on the parking spaces leased to SAMA residents. The initial term of the agreement will be 45 years and commence upon the occupation of the first apartment in SAMA. The Limited Partnership may extend the term of the agreement in five-year increments up to 10 times. The City, through its parking operator, will make the SAMA spaces available for lease to SAMA tenants on a monthly basis using the standard form of parking lease. Initial rents will be $55 a month per parking space. At any time after the first year, but no more than once a year, the rent of the spaces for the SAMA residents may be increased. If, due to the condition of the ramp, the City decides to discontinue the parking operation at any time after the end of the initial 45-year term, the Limited Partnership has the option to purchase the parking ramp for its fair market value.

EARLY CONSTRUCTION START

The developer has requested an early construction start to commence certain environmental work before the financial closing and sale of property. The proposed scope of work to be undertaken during the early construction start includes: removal of asphalt parking surface and gravel base material; soil excavation to a depth of approximately 3.5 feet; transport of contaminated soil; rough grading; stockpiling of clean backfill materials; and environmental monitoring. The developer estimates that the time frame for this work is approximately 3 to 4 weeks. The developer would use GMHC predevelopment funding to bridge the cost of the environmental work until the costs may be reimbursed by the Metropolitan Council TBRA funds. Staff supports this request and requests the Council to authorize the City to enter into such rights of entries, encroachment permits, and similar agreements as are needed to implement an early construction start.

When SAMA construction is underway, the developer requests use of the top floor of the Mill Quarter Municipal Ramp for construction staging. The ramp space is also needed for the construction of Park Avenue East Lofts which will be on the west side of the parking ramp between Washington Avenue and Second Street. Staff anticipates providing a temporary construction easement in favor of BorSon, the general contractor for both SAMA and Park Avenue East Lofts projects, on the top floor of the ramp for approximately two to three years. The minimum cost will be $4,675 per month for the rooftop level parking stalls based on $55 a month per stall multiplied by 85 stalls. The developer has also requested up to one half of the Park Avenue East property (currently a parking lot) for SAMA construction staging. Staff anticipates providing a temporary construction easement in favor of BorSon for a portion of Park Avenue East lot and the terms of the easement (length of time and cost) must be negotiated.

OFFERING PROCEDURE:
Public Advertisement. The sales price of this property reflects the full re-use value.

COMMENTS:
None.

Authorizing sale of land
St. Anthony Mills Apartments
Disposition Parcel No. D-3 & D-4

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel D-3 & D-4, in the Downtown Minneapolis neighborhood, from BD St. Anthony Mills Limited Partnership, hereinafter known as the Redeveloper, the Parcel D-3 & D-4, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

LEGAL DESCRIPTION

Lots 3 and 4, Block 1, The New Mills District Second Addition.

and

Tract C - a 40 x 97 square foot air rights parcel to be created by pending vertical subdivision of Lot 2, Block 1, The New Mills District Second Addition.

Whereas, the Redeveloper has offered to pay the sum of $480,944, for Parcel D-3 & D-4 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on September 30, 2005, a public hearing on the proposed sale was duly held on October 11, 2005, at the regularly scheduled Community Development Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value for uses in accordance with the St. Anthony Mills Apartments plan, as amended, is hereby estimated to be the sum of $480,944 for Parcel D-3 & D-4.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land. Furthermore, that the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed by the Finance Officer or other appropriate City official of the City.

Authorizing the issuance of a tax increment limited revenue note in substantially the form recited herein in a principal amount not exceeding $1,234,100 in connection with the St. Anthony Mills Apartments 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 Industry Square Redevelopment Project (the "Project") pursuant to the Industry Square Redevelopment Plan, as amended through Modification No. 20, which is dated June 24, 2005 and adopted September 2, 2005 (the "Redevelopment Plan"); and

Whereas, in furtherance of the Redevelopment Plan, the City has also approved the St. Anthony Mills Apartments Tax Increment Financing Plan dated June 24, 2005, and adopted September 2, 2005 (the "TIF Plan"); and

Whereas, pursuant to the TIF Act, including 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, which in this case are limited by Minnesota Statutes, Section 469.176, subd. 4d, to costs of a housing project as defined in Minnesota Statutes, Sections 469.174, subd. 11, and 469.1761, including public improvements directly related to the housing project and allocated administrative expenses; and

Whereas, the City has entered or will enter into a redevelopment contract (the "Redevelopment Contract") with BD St. Anthony Mills Limited Partnership (the "Developer"), pursuant to which the City will provide tax increment financing assistance, among other things, and the Developer will construct a 93-unit rental housing development with approximately 5,500 square feet of commercial space and related 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. Anthony Mills Apartments Project)

The City of Minneapolis (the "City"), hereby acknowledges itself to be obligated and, for value received, promises to pay to the order of BD St. Anthony Mills 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 Note, being $1,234,100 or such lesser amount as may equal the Public 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 [TBD], 2005.

"District" means the St. Anthony Mills Apartments (SAMA) 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 new construction of a 5-story building containing 93 rental housing units and approximately 5,500 square feet of commercial space and related improvements as described in the Contract.

"Note Rate" means 5.6% 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 Industry Square Redevelopment Project, as amended.

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

"Public Costs" means actual costs of the portion of the Minimum Improvements that constitutes a housing project as defined in Minnesota Statutes, Sections 469.174, subd. 11, and 469.1761, including any public improvements directly related to the housing project that are incurred by the Developer and approved by the City pursuant to Section 3.02 of the Contract.

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

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. 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 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 pursuant to written wire instructions provided by the Developer or by check or draft made payable to the Developer and mailed to the Developer at 614 North First Street, Suite 100, Minneapolis, Minnesota 55401, 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 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 _____, 200__.

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]

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.

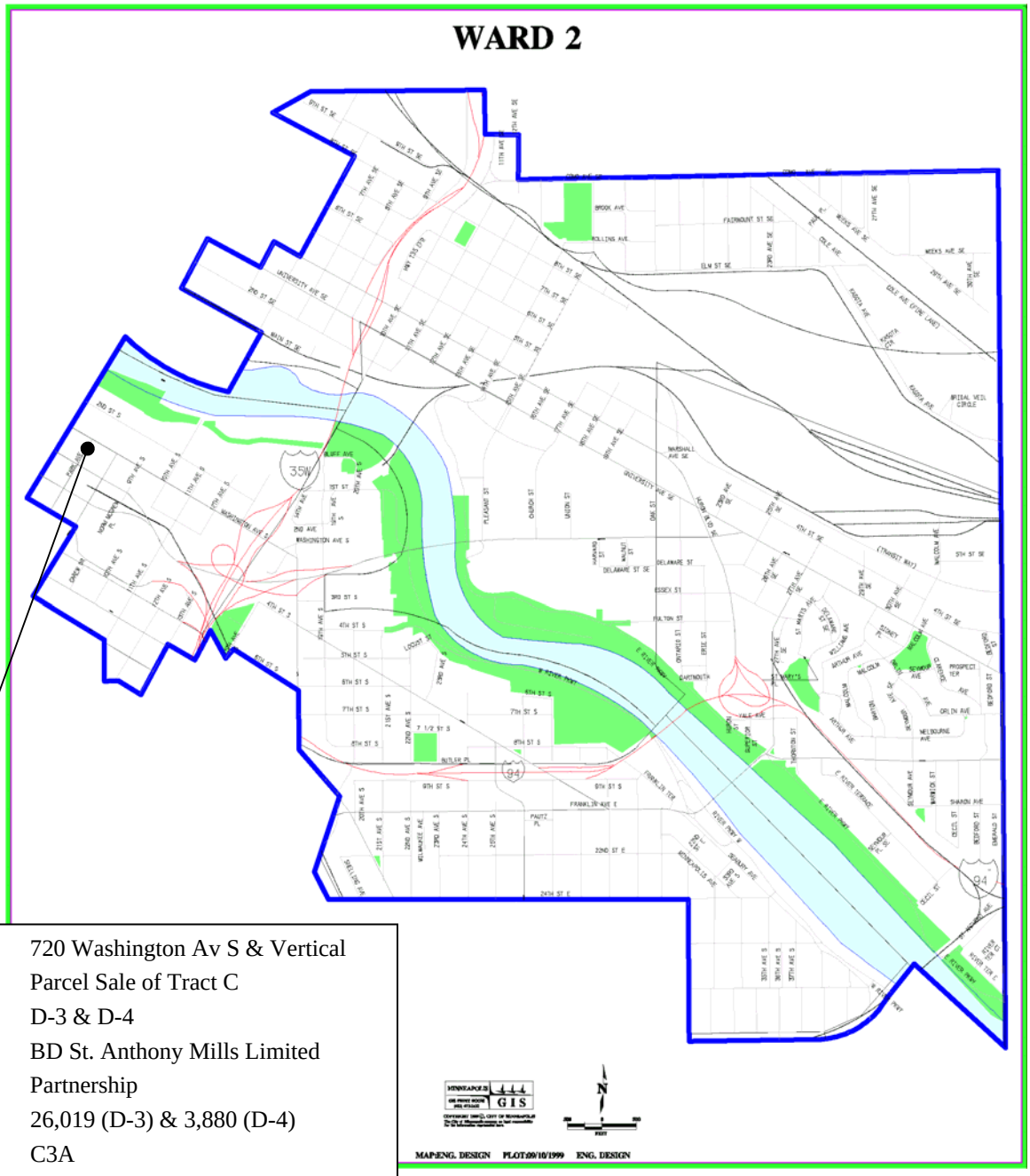
5. Be It Further Resolved that the Finance Officer is hereby authorized and directed to execute such other documents, agreements and certificates as may be required in connection with the Note.

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.

WARD 2



Address:	720 Washington Av S & Vertical Parcel Sale of Tract C
Parcel:	D-3 & D-4
Purchaser:	BD St. Anthony Mills Limited Partnership
Sq. Footage:	26,019 (D-3) & 3,880 (D-4)
Zoning:	C3A