

**RESOLUTION 2009R-\_\_\_\_\_**  
**By \_\_\_\_\_**

**Authorizing receipt of land sale proceeds from the Minneapolis Park and Recreation Board and authorizing the establishment of a defeasance escrow to redeem a portion of the tax-exempt bonds issued by the City to finance the property sold by the Minneapolis Park and Recreation Board.**

Whereas, on November 26, 2008, the Minneapolis Park and Recreation Board (the "Park Board") sold the 201 Building and land located at Fort Snelling to a private party. The Park Board plans to sell additional land adjacent to the 201 Building to the same party in the next few months.

Whereas, the Park Board's purchase of the 201 Building and the land at Fort Snelling were financed with the proceeds of the General Obligation Various Purpose Bonds, Series 2001, issued by the City in August, 2001 (the "Bonds"). Proceeds of the Bonds in the amount of \$11,270,000 were applied to finance and refinance the acquisition of real property (including the 201 Building) and the construction of improvements at the Fort Snelling Complex.

Whereas, pursuant to Section 1.141-2(d) of the Treasury Regulations (the "Regulations") promulgated under Section 141 of the Internal Revenue Code of 1986, as amended, the conveyance of property financed with tax-exempt bonds to a private party is a "deliberate action" and such action will cause the Bonds to be considered private activity bonds unless the deliberate action is remediated.

Whereas, pursuant to Section 1.141-12(d) of the Regulations, in order to remediate the deliberate action of selling the property to a private party, and therefore maintain the tax-exempt status of the Bonds, the City may use the proceeds of the sale of the property (including the 201 Building) to establish a defeasance escrow to redeem and prepay a portion of the Bonds used to finance the acquisition of the 201 Building and the land.

Now, therefore, be it resolved by the City Council of the City of Minneapolis:

1. The Chief Financial Officer of the City is directed to accept the net proceeds of the sale of the 201 Building and the land already sold from the Park Board and use those funds to establish a defeasance escrow to redeem and prepay the portion of the Bonds used to finance the acquisition of the 201 Building and the land.
2. The Chief Financial Officer is further directed to accept the net proceeds of the sale of the land adjacent to the 201 Building (expected to be sold in March, 2009) from the Park Board and use those funds to establish another defeasance escrow to redeem and prepay the portion of the Bonds used to finance the acquisition of the land.
3. The Chief Financial Officer is directed to take all additional actions necessary to satisfy the remedial action requirements delineated in Section 1.141-12(d) of the Regulations.