

**RESOLUTION  
of the  
CITY OF  
MINNEAPOLIS**

**Authorizing the issuance of bonds, in a principal amount not to exceed \$50,000,000 in the form of Housing Revenue Bonds (Seward Towers Apartments Project), Series 2015, and approving and authorizing the execution of various documents in connection therewith.**

Whereas, pursuant to the Minnesota Municipal Housing Act, Minnesota Statutes, Chapter 462C, as amended (the “Act”), a city is authorized to carry out programs for the financing of multifamily housing for persons of low and moderate income, and to authorize its housing and redevelopment authority to act on its behalf; and

Whereas, the City Council (the “City Council”) of the City of Minneapolis (the “City”) has prepared the Housing Plan for Local Housing for the City of Minneapolis, Minnesota, revised June, 1984 (the “Plan”) which plan was adopted pursuant to the Act on July 13, 1984; and

Whereas, the Act requires adoption of a housing finance program after a public hearing held thereon for which notice was published in a newspaper of general circulation in the City at least fifteen (15) days in advance of the hearing; and

Whereas, there has been proposed a program (the “Program”) for the issuance of up to \$50,000,000 of one or more series of its tax-exempt Housing Revenue Bonds (Seward Towers Apartments Project), Series 2015 (the “Bonds”) to finance the acquisition and rehabilitation by Seward Towers Renovation Limited Partnership, a Minnesota limited partnership (the “Developer”), of a 640-unit scattered-site multifamily rental housing development and facilities functionally related and subordinate thereto, located at 2910 East Franklin Avenue / 2515 South 9<sup>th</sup> Street in the City (the “Project”); and

Whereas, the Community Development Committee of the City Council, on behalf of the City, held a public hearing on Tuesday, July 28, 2015, with respect to the Housing Program and the proposed issuance of revenue obligations to finance the Project, said public hearing having been conducted at least fifteen (15) days after the publication in a newspaper of general circulation in the City of a notice of such public hearing and after submission of the Program to the Metropolitan Council for review and comment; and

Whereas, at a meeting held on August 7, 2015, the City Council of the City adopted Resolution 2015R-327 which approved and adopted the Housing Program and granted preliminary approval to the issuance of revenue obligations of the City in a principal amount not to exceed \$50,000,000 to finance the Project; and

Whereas, the Council has been advised by The Sturges Company, representing the Developer, that on the basis of information available to them, the Project is economically feasible; and

Whereas, the City desires to facilitate the development of rental housing within the community, encourage the preservation of affordable housing opportunities for residents of the City, encourage the preservation of housing facilities designed for occupancy by persons of low or moderate income within the boundaries of the City, and the maintenance of affordable units in the Project would assist the City in achieving these objectives; and

Whereas, the Project will result in the provision of decent, safe and sanitary rental housing opportunities to persons within the community; and

Whereas, this City Council has been advised that conventional, commercial financing to pay the capital costs of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced, but the City Council has been further advised that with the aid of municipal financing and resulting low borrowing costs, the Project is economically more feasible; and

Whereas, the staff of the City considers the proposed Project to be in furtherance of the housing policies of the State of Minnesota as stated in the Act and of the City as stated in the Plan; and

Whereas, the program is to be financed from the proceeds of the Bonds, to be issued by the City, and the revenues from the Project (as defined below) shall be pledged for the security and payment of the Bonds (except as may otherwise be set forth in the Indenture, Loan Agreement and Financing Agreement hereinafter referred to); and

Whereas, the proceeds of the Bonds will be used by the City to fund a loan to the Developer to finance the acquisition and rehabilitation of the Project; and

Whereas, the Developer has requested that the City issue a series of Bonds in an amount not to exceed \$30,000,000 (the "2015A Bonds") for the benefit of the Developer, pursuant to the terms of a Trust Indenture, dated on or after December 1, 2015 (the "Indenture"), between the City and a trustee to be selected by the Developer (the "Trustee"); and

Whereas, the Developer has requested that the City loan the proceeds derived from the sale of the Series 2015A Bonds to the Developer pursuant to the terms of a Loan Agreement, dated on or after December 1, 2015 (the "Loan Agreement"), between the City and the Developer, and the Developer proposes to apply the proceeds of the loan made pursuant to the terms of the Loan Agreement to the payment of a portion of the costs of the acquisition, rehabilitation, and equipping of the Project and related costs; and

Whereas, the Developer has requested that the City issue a series of Bonds in an amount not to exceed \$20,000,000 (the "Series 2015B Bonds" and, with the Series 2015A Bonds, the "Bonds") for the benefit of the Developer, pursuant to the terms of a Financing Agreement, dated on or after December 1, 2015 (the "Financing Agreement"), among the City, the Developer, and Wells Fargo Bank, National Association, as bond purchaser (the "Series 2015B Bond Purchaser"); and

Whereas, the Developer has requested that the City loan the proceeds derived from the sale of the Series 2015B Bonds to the Developer pursuant to the terms of the Financing Agreement, and the Developer proposes to apply the proceeds of the loan made pursuant to the terms of the Financing

Agreement to the payment of a portion of the costs of the acquisition, rehabilitation, and equipping of the Project and related costs; and

Whereas, the Bonds will be issued pursuant to the terms of the Indenture, the Loan Agreement, the Financing Agreement and this resolution and the Bonds and the interest on the Bonds: (i) shall be payable solely from the revenues pledged therefor under the Loan Agreement and the Financing Agreement; (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 Loan Agreement and the Financing Agreement; and (v) shall not constitute a general or moral obligation of the City; and

Whereas, forms of the following documents (including the exhibits referred to therein) have been submitted to the City:

- a. The Bonds;
- b. The Loan Agreement;
- c. The Indenture;
- d. The Financing Agreement
- e. Two Regulatory Agreements, dated on or after December 1, 2015 (collectively, the "Regulatory Agreement"), among the City, the Developer, the Series 2015B Bond Purchaser and the Trustee, entered into to ensure continuing compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code, and to ensure continuing compliance with certain restrictions imposed by the City; and
- f. A Bond Purchase Agreement (with respect to the Series 2015A Bonds), dated on or after the pricing date of the Series 2015A Bonds, between the City, the Developer, and The Sturges Company, as original purchaser of the Series 2015A Bonds (the "Series 2015A Bond Purchaser" and, with the Series 2015B Bond Purchaser, the "Purchasers").

The agreements described and referred to in paragraphs a through f above shall hereinafter sometimes be referred to collectively as the "Agreements";

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

That it is hereby found, determined and declared that:

- a. The preservation of the quality of life in the City is dependent upon the maintenance, provision and preservation of an adequate housing stock which is affordable to persons and families of low or moderate income, that accomplishing this is a public purpose, and that many would-be providers of housing units in the City are either unable to afford mortgage credit at present market rates of interest or are unable to obtain mortgage credit because the mortgage credit market is severely restricted.

b. The issuance of the Bonds by the City, and the execution and delivery of the Agreements and the performance of all covenants and agreements of the City contained therein and of all other acts and things required under the Constitution and Laws of the State of Minnesota to make the Agreements and the Bonds valid and binding obligations of the City in accordance with their terms, are authorized by the Act.

c. The implementation of the Program for the purposes and in the manner contemplated by the Agreements conforms or will conform to all pertinent statutes, regulations and ordinances of the State of Minnesota and the City.

d. It is desirable that the Bonds be issued by the City, in an aggregate principal amount not to exceed \$50,000,000, on the terms set forth in the Resolution, the Indenture, the Loan Agreement, the Financing Agreement, the Regulatory Agreement and the Bonds.

e. The payments required or provided for by the Agreements are intended to produce income and revenues sufficient to provide for the payment when due of principal of and interest on the Bonds issued under the Resolution, and payments are required to be made for such expenses of, among other things, administration of the Program as will be necessary to protect the interests of the City.

f. Pursuant to the provisions of the Act, and as provided in the Agreements, the Bonds shall be retired solely from the revenues of the Project.

Be It Further Resolved that the Agreements in substantially the forms submitted to the City at this meeting are hereby approved. Such of the documents as require the execution of the City are hereby authorized and directed to be executed or accepted, as the case may be, and delivered in the name and on behalf of the City by its Finance Officer upon execution thereof by the parties thereto as appropriate. The Bonds and the Agreements shall be executed and delivered as provided therein. Copies of all the documents necessary for the consummation of the transactions described herein and in the Agreements shall be delivered, filed and recorded as provided herein and in the Agreements.

Be It Further Resolved that the form and terms of the Agreements may be varied prior to execution and delivery by the parties thereto, provided that any such variance shall not be, in the opinion of the City's legal counsel and the Finance Officer, materially adverse to the interests of the City. The execution and delivery of the Agreements as provided above shall be conclusive evidence of the determination that any such variance was not materially adverse to the interests of the City.

Be It Further Resolved that in anticipation of the collection of revenues of the Project, there shall be issued forthwith the Bonds, which issuance is approved, substantially in the forms and upon the terms set forth in the Agreements and the Bonds, the terms of which are for this purpose incorporated in this Resolution and made a part hereof as if fully set forth herein. The Bonds shall be dated as of the date and shall mature on the dates (subject to redemption on such earlier dates as provided in the Bonds), bear interest and be payable at the rates, all determined as set forth in the Agreements and the Bonds, to be approved, executed and delivered by the officers of the City authorized to do so by the provisions of this Resolution, which approval shall be conclusively evidenced by such execution and delivery; provided that such rates shall result in (a) an average coupon rate not greater than two percent (2.0%) per annum with respect to the 2015A Bonds, and (b) an initial interest rate of not greater than five percent (5.0%) per annum and an ongoing average coupon rate of one month LIBOR plus not greater than 250 basis points with respect to the Series

2015B Bonds.

Be It Further Resolved that all actions of the members, employees and staff of the City heretofore taken in furtherance of the Program are hereby approved, ratified and confirmed.

Be It Further Resolved that the Bonds are hereby designated "Program Bonds" and are determined to be within the "Housing Program" and the "Program," all as defined in Resolution 88R-030 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.

Be It Further Resolved that the execution of said Bonds to the Purchasers is hereby approved, and the Bonds are hereby directed to be delivered to the Purchasers, upon the terms and conditions set forth in the Agreements and the Bonds. The Finance Officer of the City is hereby authorized and directed to prepare and execute by manual or facsimile signature the Bonds as described in the Agreements and to deliver it to the Purchasers together with a certified copy of this Resolution, and the other documents required by the Agreements.

Be it Further Resolved that the Finance Officer is hereby authorized to execute and deliver, on behalf of the City, such other documents and certificates as are necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds, including various certificates of the City, an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, with respect to the Bonds, a certificate as to arbitrage and rebate, and similar documents, appropriate amendments to the Housing Program, and all other documents and certificates as the Finance Officer shall deem to be necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds. The City hereby authorizes Kutak Rock LLP, as bond counsel to the City in connection with this financing ("Bond Counsel"), to prepare, execute, and deliver its approving legal opinions with respect to the Bonds.

Be it Further Resolved that the City will not participate in the preparation of an official statement or other disclosure document relating to the offer and sale of the Series 2015A Bonds (the "Disclosure Document"), and will make no independent investigation with respect to the information contained in the Disclosure Document, including the appendices thereto, and the City assumes no responsibility for the sufficiency, accuracy, or completeness of such information. The City hereby approves the Continuing Disclosure Agreement related to the Series 2015A Bonds, dated on or after December 1, 2015 (the "Continuing Disclosure Agreement"), between the Developer and the Trustee, in the form now on file with the City.

Be It Further Resolved that all covenants, stipulations, obligations and agreements of the City contained in this Resolution and the aforementioned documents shall be deemed to be the covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the City. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the City 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, 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, or any officer, agent or employee of the City in that person's individual capacity, and neither the City Council nor any officer or employee executing the Bonds shall be liable personally on the Bonds 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 or in any other document related to the Bonds, 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 Project, the proceeds of which are to be applied to the payment of the Bonds, as provided therein and in the Agreements. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City except the revenue and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal of the Bonds, or the interest thereon, or to enforce payment thereof against any property of the City. The Bonds shall recite in substance that the Bonds, including the interest thereon, are payable solely from the revenues and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

Be It Further Resolved that 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 or any holder of the Bonds issued under the provisions of this Resolution, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision 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 issued under the provisions of this Resolution.

Be It Further Resolved that in case any one or more provisions of this Resolution, or of the aforementioned documents, or of the Bonds 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, but this Resolution, the aforementioned documents, the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Be It Further Resolved that the Bonds, 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 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 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 Bonds, and precedent to the execution of the aforementioned documents have happened, exist and have been performed as so required by law.

Be It Further Resolved that in the event any of the officers of the City authorized to execute documents on behalf of the City under this resolution have resigned or shall for any reason be unable to do so, any member of the City, or officer of the City, is hereby directed and authorized to do so on

behalf of the City, with the same effect as if executed by the officer authorized to do so in this Resolution.

Be It Further Resolved that the City hereby allocates up to \$50,000,000 of its 2015 (or carryover) entitlement authority to issue tax-exempt bonds pursuant to Minnesota Statutes, Chapter 474A, to the Bonds, the actual amount of such allocation to be in the aggregate principal amount of Bonds issued.

Be It Further Resolved that this Resolution shall take effect upon publication.