

RESOLUTION

Authorizing the issuance, sale, and delivery of Multifamily Housing Revenue Note (Hawthorne EcoVillage Limited Partnership Project), Series 2016; approving a housing program therefor; approving the form of and authorizing the execution and delivery of such obligation and related documents; and providing for the security, rights, and remedies with respect to such obligation.

Resolved by the City Council of the City of Minneapolis:

1. **STATUTORY AUTHORIZATION.** The City of Minneapolis, a home rule city, municipal corporation, and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota (the “City”), is authorized by Minnesota Statutes, Chapter 462C, as amended (the “Act”), to carry out the public purposes described in the Act by issuing its revenue bonds to provide funds to finance multifamily housing developments within its boundaries. In the issuance of revenue bonds and in the making of loans to finance multifamily housing developments, 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.

2. **THE BORROWER AND THE PROJECT.** Hawthorne EcoVillage Limited Partnership, a Minnesota limited partnership (the “Borrower”), has requested that the City participate in financing the acquisition, construction, and equipping of 75 units of multifamily rental apartments, and facilities functionally related and subordinate thereto, to be located at 617 Lowry Avenue North in the City (the “Project”), through the issuance of conduit revenue obligations the proceeds of which are to be loaned by the City to the Borrower. The Project will be owned and operated by the Borrower or an affiliate, related person, successor, or assign of the Borrower.

3. **THE HOUSING PROGRAM.** A Program for a Multifamily Housing Development (the “Housing Program”) with respect to the Project and the proposed issuance of conduit revenue obligations to finance the Housing Program and the Project was prepared in accordance with the requirements of Section 462C.03, subdivision 1a, of the Act, and is on file with the City. The Housing Program was submitted to the Metropolitan Council for its review and comments in accordance with the requirements of the Act. The City received a letter from the Metropolitan Council providing its comments to the Housing Program and the Project. The Housing Program is hereby approved and adopted by the City.

4. **PUBLIC HEARING.** The Community Development and Regulatory Services Committee of the Minneapolis City Council held a public hearing on Tuesday, April 5, 2016, with respect to the Housing Program and the proposed issuance of conduit revenue obligations of the City to finance the Project. The public hearing was conducted at least 15 days after publication of a notice of such public hearing in the official newspaper of the City and in a newspaper of general circulation in the City. Following the public hearing, the Community Development and Regulatory Services Committee approved the Housing Program and the proposed financing and recommended the adoption of this resolution by the City Council.

5. **APPROVAL OF SERIES 2016 NOTE AND RELATED FINANCING DOCUMENTS.** For the purpose of financing a portion of the costs of the acquisition, construction, and equipping of the Project and related costs, there is hereby authorized the issuance, sale, and delivery of conduit revenue obligations of the City, in an aggregate principal amount not to exceed \$6,800,000, for the benefit of the Borrower. The obligations may be issued as one or more series, as determined in the discretion of the

Finance Officer. If issued in one series, the obligations may be designated the Multifamily Housing Revenue Note (Hawthorne EcoVillage Limited Partnership Project), Series 2016 (the "Series 2016 Note"). The Series 2016 Note is expected to be issued as a variable-rate obligation, maturing in approximately 30 months, and in a principal amount to be determined by the City, the Borrower, and the purchaser of the Series 2016 Note. The Finance Officer, in his or her discretion, may adjust the terms of the Series 2016 Note, including the principal amount of the Series 2016 Note, as long as the aggregate principal amount of the Series 2016 Note does not exceed \$6,800,000. The Series 2016 Note is to be sold to one or more banks or other financial institutions (the "Lender") in a private placement under terms and conditions negotiated between the Borrower and the Lender. The proceeds derived from the sale of the Series 2016 Note are to be loaned by the City to the Borrower under the terms of a Loan Agreement, dated on or after May 1, 2016 (the "Loan Agreement"), between the City and the Borrower. The Loan Agreement is hereby approved and the Finance Officer is hereby authorized to execute and deliver the Loan Agreement on behalf of the City. All of the provisions of the Loan 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 Loan Agreement shall be substantially in the form now on file with the City with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, as the Finance Officer, in his or her discretion, shall determine, and the execution and delivery thereof by the Finance Officer shall be conclusive evidence of such determination.

The proceeds of the loan to be made under the terms of the Loan Agreement (the "Loan") are hereby authorized to be applied to the payment of a portion of the costs of the acquisition, construction, and equipping of the Project and related costs.

6. LIMITED REVENUE OBLIGATION OF THE CITY. The City acknowledges, finds, determines, and declares that the issuance of the Series 2016 Note is authorized by the Act and is consistent with the purposes of the Act and that the issuance of the Series 2016 Note, and the other actions of the City under this resolution and the Loan Agreement constitute a public purpose and are in the interests of the City. In authorizing the issuance of the Series 2016 Note for the financing of the Project and 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 and moderate income residents of the City and otherwise furthering the purposes and policies of the Act. The Series 2016 Note will be issued under the terms of this resolution. The Series 2016 Note and the interest on the Series 2016 Note: (i) shall be payable solely from the revenues pledged therefor under the terms of the Series 2016 Note and the Loan 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 (v) shall not constitute a general or moral obligation of the City.

7. TERMS OF THE SERIES 2016 NOTE. The City hereby authorizes the Series 2016 Note to be issued as a "tax-exempt bond" the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes. In accordance with the provisions of Minnesota Statutes, Chapter 474A, as amended ("Chapter 474A"), and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), the City shall: (i) allocate to the Series 2016 Note a portion of its "entitlement issuer allocation" granted under the provisions of Minnesota Statutes, Chapter 474A, as amended ("Chapter 474A"), and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"); or (ii) allocate to the Series 2016 Note a portion of its "carryforward allocation"; or (iii) allocate to the Series 2016 Note a portion of its entitlement issuer allocation and a portion of its carryforward allocation. The Series 2016 Note, substantially in the form now on file with the City, is hereby approved with the amendments referenced herein. All of the provisions of the Series 2016 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 Series 2016 Note shall bear interest at a fixed or variable rate, shall be designated, shall be numbered, shall be dated, shall mature, shall be issued in the aggregate principal amount, 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 this resolution, the form of the Series 2016 Note, and the Loan Agreement, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Series 2016 Note, the stated maturity of the Series 2016 Note, the interest rate on the Series 2016 Note, and the terms of redemption of the Series 2016 Note) as the Finance Officer, in his or her discretion, shall determine.

The Series 2016 Note shall not constitute a general or moral obligation of the City but shall be a special, limited obligation of the City payable solely from the revenues provided by the Borrower under the terms of the Loan Agreement and from the revenues and security pledged, assigned, and granted under the terms of this resolution, the Series 2016 Note, the Loan Agreement, and any other security documents provided by the Borrower or any other party to secure the timely payment of the principal of, premium, if any, and interest on the Series 2016 Note. As provided in the Loan Agreement, the Series 2016 Note shall not be payable from nor charged upon any funds other than the revenue pledged to its payment, nor shall the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Series 2016 Note shall ever have the right to compel any exercise by the City of any taxing powers of the City to pay the Series 2016 Note or the interest or premium thereon, or to enforce payment thereof against any property of the City except the interests of the City in the Loan Agreement and the revenues and assets thereunder, which will be assigned to the Lender under the terms of an Assignment of Loan Agreement, to be dated on or after May 1, 2016 (the "Assignment of Loan Agreement"), between the City, the Lender, and the Borrower. All of the provisions of the Assignment of Loan 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 Assignment of Loan Agreement shall be substantially in the form now on file with the City with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, as the Finance Officer, in his or her discretion, shall determine, and the execution and delivery thereof by the Finance Officer shall be conclusive evidence of such determination.

The Series 2016 Note shall recite that the Series 2016 Note is issued under the Act, and that the Series 2016 Note, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Series 2016 Note shall not constitute a debt of the City within the meaning of any constitutional or statutory limitations.

8. SECURITY. The City acknowledges and hereby approves any one or more of the following to be provided as security for the payment of the obligations of the Borrower under the Loan Agreement, and the payment of the principal of, premium, if any, and interest on the Series 2016 Note: (i) a Guaranty, dated on or after May 1, 2016 (the "Guaranty"), from Project for Pride In Living, Inc., a Minnesota nonprofit corporation, or another or other guarantors; (ii) a Disbursing Agreement, dated on or after May 1, 2016 (the "Disbursing Agreement"), between the Borrower, the Lender, and a disbursing agent selected by the Borrower and the Lender; (iii) an Assignment of Equity Investor Interests and Capital Contributions, dated on or after May 1, 2016, between the Borrower and the Lender; (iv) a Security Agreement, dated on or after May 1, 2016, between the Borrower and the Lender; and (v) such other security documents as the Borrower, the Lender, and other parties agree are necessary or appropriate to ensure timely payment of the Loan and the Series 2016 Note. All such security documents may be given such other designations as determined by the City, the Borrower, and the Lender, and shall be substantially in the forms authorized and approved by the Lender and the Borrower.

9. **THE REGULATORY AGREEMENT.** To ensure continuing compliance with certain rental and occupancy restrictions imposed by the Act, Chapter 474A, and Section 142(d) of the Code, and to ensure continuing compliance with certain restrictions imposed by the City, the Finance Officer is hereby authorized and directed to execute and deliver a Regulatory Agreement, dated on or after May 1, 2016 (the “Regulatory Agreement”), between the City, the Borrower, and the Lender. The Regulatory Agreement shall be substantially in the form now on file with the City which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, as the Finance Officer, in his or her discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determinations. 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.

10. **OTHER CITY DOCUMENTS.** The Finance Officer is hereby designated as the representative of the City with respect to the issuance of the Series 2016 Note and the transactions related thereto. The Finance Officer is authorized, upon request, to furnish certified copies of all proceedings and records of the City relating to the Series 2016 Note, and such other affidavits and certificates as may be required to show the facts relating to the Series 2016 Note as such facts appear from the books and records in the custody and control of the City; and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein. The Finance Officer is hereby further authorized to execute and deliver, on behalf of the City, all other certificates, instruments, and other written documents that may be requested by bond counsel, the Lender, the Borrower, or other persons or entities in conjunction with the issuance of the Series 2016 Note and the expenditure of the proceeds of the Series 2016 Note. Without imposing any limitations on the scope of the preceding sentence, the Finance Officer is specifically authorized to execute and deliver such other documents and certificates as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2016 Note, including one or more consents to an assignment of a redevelopment agreement, tax increment revenues, or any other funds made available to the Borrower and the Project by the City and Hennepin County; an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, with respect to the Series 2016 Note; an endorsement to any tax certificate as to arbitrage, rebate, and other federal tax matters executed and delivered in connection with the issuance of the Series 2016 Note, 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 Series 2016 Note. The Finance Officer is hereby further authorized and directed to execute and deliver all other instruments and documents necessary to accomplish the purposes for which the Series 2016 Note are to be issued and the Loan Agreement, the Assignment of Loan Agreement, and the Regulatory Agreement are to be executed and delivered. The preparation and filing of Uniform Commercial Code financing statements with respect to the assignment of the interests of the City in the Loan Agreement (excluding any unassigned rights as provided in the Loan Agreement), are hereby authorized. The City hereby authorizes Kennedy & Graven, Chartered, as bond counsel to the City (“Bond Counsel”), to prepare, execute, and deliver its approving legal opinions with respect to the Series 2016 Note.

11. **DISCLOSURE DOCUMENTS.** It is not expected that any disclosure documents will be prepared in connection with the issuance and sale of the Series 2016 Note. In the event that an official statement or other disclosure document is prepared relating to the offer and sale of the Series 2016 Note (the “Disclosure Documents”), the City will not participate in the preparation or distribution of such Disclosure Documents and will make no independent investigation with respect to the information contained in the Disclosure Documents and the City assumes no responsibility for the sufficiency, accuracy, or completeness of such information.

12. **SUBSEQUENT AMENDMENTS.** On any date subsequent to the date of issuance of the Series 2016 Note, the Finance Officer is hereby authorized to execute and deliver any amendments or supplements to any of the documents referred to in this resolution on behalf of the City if, after review by and consultation with the City Attorney and Bond Counsel, the Finance Officer determines that the execution and delivery of such amendment or supplement is in the interests of the City. The Finance Officer may impose any terms or conditions on his or her execution and delivery of any such amendment or supplement as the Finance Officer deems appropriate.

13. **LIMITATIONS OF LIABILITY.** 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, agent, or employee executing the Series 2016 Note shall be personally liable on the Series 2016 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 Series 2016 Note, or in any other document relating to the Series 2016 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 Loan Agreement, which are to be applied to the payment of the Series 2016 Note, as provided therein.

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, and any holder of the Series 2016 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, the Borrower, the Lender, and any beneficial owners from time to time of the Series 2016 Note issued under the provisions of this resolution.

14. **SEVERABILITY.** In case any one or more of the provisions of this resolution, other than the provisions limiting the liability of the City, or of the aforementioned documents, or of the Series 2016 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 Series 2016 Note, but this resolution, the aforementioned documents, and the Series 2016 Note shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

15. **VALIDITY OF THE SERIES 2016 NOTE.** The Series 2016 Note, when executed and delivered, shall contain a recital that it is issued in accordance with the Act, and such recital shall be conclusive evidence of the validity of the Series 2016 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 Series 2016 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.

16. **ADDITIONAL ACTIONS.** The officers of the City, the City Attorney, Bond Counsel, other attorneys, 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, or the

Series 2016 Note, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2016 Note, the aforementioned documents, and this resolution.

17. DESIGNATION AS PROGRAM BONDS. The Series 2016 Note is hereby designated 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 1997R-402 of the City adopted December 12, 1997.

18. FEES AND INDEMNIFICATION. The Borrower has agreed to pay the administrative fees of the City in accordance with the applicable policies and procedures of the City. It is hereby determined that any and all costs incurred by the City in connection with the financing of the Project will be paid by the Borrower. It is understood and agreed by the Borrower that the Borrower shall indemnify the City against all liabilities, losses, damages, costs, and expenses (including attorney’s fees and expenses incurred by the City) arising with respect to the Project and the Series 2016 Note, as provided for and agreed to by and between the Borrower and the City in the Loan Agreement. The financing transaction represented by the Series 2016 Note is subject to all existing policies and procedures of the City and is also subject to any conduit bond policies and procedures subsequently adopted by the City to the extent the provisions thereof are intended to be applied retroactively to conduit revenue obligations issued prior to the adoption of such conduit bond policies and procedures.

19. EFFECTIVE DATE. This resolution shall take effect and be in force from and after its approval and publication. In accordance with the terms of Chapter 4, Section 9, of the Charter of the City, only the title of this resolution and a summary of this resolution conforming to Minnesota Statutes, Section 331A.01, subdivision 10, shall be published in the official paper of the City.