

Resolution 2011R-_____

Authorizing the execution and delivery of a Term Loan Agreement with U.S. Bank National Association; authorizing the issuance of a General Obligation Term Loan Note evidencing the Term Loan; authorizing the redemption and prepayment of certain outstanding general obligations of the City of Minneapolis with the proceeds of the Term Loan; and making certain findings, covenants, and directions relating thereto

RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:

SECTION 1. BACKGROUND AND AUTHORITY

1.01. Termination of Existing Standby Bond Purchase Agreements. The City of Minneapolis (the “City”) has several variable rate bond issues outstanding that are currently secured by standby bond purchase agreements provided by Dexia Credit Local. Pursuant to Resolution 2011R-548, adopted by the City Council on October 21, 2011 and approved by the Mayor on the same date, the City Council authorized the Finance Officer of the City to enter into agreements to terminate the standby bond purchase agreements provided by Dexia Credit Local and negotiate a direct loan placement with a local bank following a competitive selection process to replace the liquidity previously provided by Dexia Credit Local.

1.02. Term Loan Agreement. After a competitive process, U.S. Bank National Association, a national banking association (the “Bank”) was selected to provide the City with a direct loan placement. The City and the Bank are now in the process of negotiating the provisions of a Term Loan Agreement, to be dated on or after November 1, 2011 (the “Term Loan Agreement”), between the City and the Bank, which will set forth the terms and conditions of a term loan provided by the Bank to the City.

1.03. Redemption and Prepayment of Outstanding General Obligation Bonds. The proceeds of the Term Loan, in addition to funds on hand with the City, are proposed to be used to redeem and prepay the outstanding principal amount of the following general obligation bond issues of the City:

A. General Obligation Bonds (Block E Project), Series 2000A (the “Block E Bonds”), issued on October 26, 2000, in the original aggregate principal amount of \$10,610,000, of which \$5,820,000 is currently outstanding.

B. General Obligation Various Purpose Refunding Bonds, Series 2003 (the “Various Purpose Refunding Bonds”), issued on October 30, 2003, in the original aggregate principal amount of \$15,985,000, of which \$7,255,000 in principal amount is currently outstanding.

C. General Obligation Guthrie Parking Ramp Bonds, Series 2003 (the “Series 2003 Guthrie Parking Ramp Bonds”), issued on December 11, 2003, in the original aggregate principal amount of \$16,100,000, of which \$15,610,000 in principal amount is currently outstanding.

D. General Obligation Guthrie Parking Ramp Bonds, Series 2005 (the “Series 2005 Guthrie Ramp Parking Bonds”), issued on March 17, 2005, in the original aggregate principal amount of \$16,400,000, of which \$13,300,000 in principal amount is currently outstanding.

E. General Obligation Tax Increment Bonds (Mill Quarter Ramp), Series 2005 (the “Series 2005 Mill Quarter Ramp Bonds”), issued on March 17, 2005, in the original aggregate principal amount of \$4,250,000, of which \$3,860,000 in principal amount is currently outstanding.

The Block E Bonds, Various Purpose Refunding Bonds, Series 2003 Guthrie Parking Ramp Bonds, Series 2005 Guthrie Ramp Parking Bonds, and Series 2005 Mill Quarter Ramp Bonds are collectively referred to herein as the “Refunded Bonds.”

1.04. Redemption of Refunded Bonds. The Refunded Bonds are subject to redemption and prepayment, in whole or in part, on the first day of each month at a redemption price equal to the par amount of the Refunded Bonds to be redeemed and prepaid plus accrued interest to the date of redemption. To provide for the redemption and prepayment of all of the outstanding Refunded Bonds, the City is proposing to obtain a term loan pursuant to the Term Loan Agreement, in a maximum amount of \$44,750,000 (the “Term Loan”), which shall be evidenced by a General Obligation Term Loan Note, Series 2011 (the “Note”), and apply the net proceeds derived from the Term Loan to the current refunding of the Refunded Bonds.

1.05. Authority. The City is authorized to obtain the Term Loan and issue the Note to redeem and prepay the Refunded Bonds pursuant to the terms of Minnesota Statutes, Chapter 475 (the “Municipal Debt Act”) and, in particular, Section 475.67 of the Municipal Debt Act.

SECTION 2. APPROVAL OF TERM LOAN AGREEMENT AND NOTE.

2.01. Findings of the City. The City Council hereby finds, determines, and declares that entering into a Term Loan Agreement in order to redeem and prepay the Refunded Bonds with the proceeds of the Term Loan is in the best interests of the City.

2.02. Term Loan Agreement Terms. The Finance Officer is hereby authorized to negotiate the provisions of the Term Loan Agreement in accordance with the terms of this Resolution. The maximum amount of the Term Loan, as evidenced by the Note, shall be \$44,750,000. The Term Loan shall bear interest at a variable rate per annum approved by the Finance Officer. The principal amount of the Term Loan shall mature on such date or dates and in such principal amounts as shall be determined by the Finance Officer, consistent with the requirements of Section 475.54, subdivisions 1 and 17 of the Municipal Debt Act (determined, if necessary, by combining such maturities with those of other obligations of the City). The authorization to enter into the Term Loan Agreement is effective without any additional action by the City Council and shall be undertaken by the Finance Officer on such date or dates and upon the terms and conditions deemed reasonable by the Finance Officer. For purposes of executing the Term Loan Agreement, the Finance Officer is the “Designated Officer” of City.

2.03. Issuance of the Note. In order to evidence the Term Loan, the City Council hereby authorizes the issuance of the Note in the original aggregate principal amount not to exceed \$44,750,000, on such date and upon the terms and conditions determined by the Finance Officer of the City (the “Finance Officer”). The Note shall be designated “General Obligation Term Loan Note” and shall be in substantially the form set forth in Exhibit A attached hereto. The issuance and delivery of the Note shall be conclusive evidence that the Finance Officer has approved any changes to the form of the Note on file with the City on the date hereof. The proceeds derived from the sale of the Note shall be held, transferred, expended, and invested in accordance with the directions of the Finance Officer.

SECTION 3. EXECUTION AND DELIVERY OF NOTE AND RELATED DOCUMENTS.

3.01. Execution and Delivery. The Note shall be executed by the manual or facsimile signature of the Finance Officer and a facsimile of the corporate seal of the City shall be included as set forth in the form of Note. The text of the approving legal opinion of Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as bond counsel, may be printed on or accompany the delivery of the Note. When the Note has been duly executed and authenticated by the Bond Registrar in accordance with this Resolution, the Note shall be delivered to the Bank in accordance with the provisions of the Term Loan Agreement. The Note shall not be valid for any purpose until authenticated by the Bond Registrar, which is hereby appointed authenticating agent in accordance with the Municipal Debt Act.

3.02. Certificates. If the Finance Officer finds the same to be accurate, the Finance Officer is authorized and directed to furnish to the Bank at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Note or the organization of the City or incumbency of its officers, at the closing, the Finance Officer shall also execute and deliver to the purchasers a suitable certificate as to absence of material litigation, and the Finance Officer shall also execute and deliver a certificate as to payment for and delivery of the Note. The Finance Officer shall also execute and deliver an arbitrage certificate meeting the requirements of the arbitrage regulations under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and shall deliver the signed approving legal opinion of Kennedy & Graven, Chartered, as to the validity and enforceability of the Note and the exemption of interest thereon from federal and Minnesota income taxation (other than Minnesota corporate franchise and bank excise taxes measured by income) under present laws and rulings.

SECTION 4. PAYMENT; SECURITY; PLEDGES AND COVENANTS.

4.01. Debt Service Account. The Term Loan will be payable from the debt service account for the Note (the "Series 2011 Note Debt Service Account") established as part of the City's Debt Service Fund. The proceeds of the Revenues described in Section 4.02 hereof are hereby pledged to Series 2011 Note Debt Service Account of the Debt Service Fund (subject to any pledge of such Revenues to obligations issued on a parity basis with the Note, including obligations previously issued or obligations issued in the future). If a payment of principal or interest on the Term Loan becomes due when there is not sufficient money in the Series 2011 Note Debt Service Account to pay the same, the Finance Officer will pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for those advances out of the proceeds of the Revenues, when collected.

4.02. Pledge of Revenues. The principal of and interest on the Term Loan, as evidenced by the Note, is payable primarily from available tax increment revenues from various tax increment districts located in the City and certain net revenues derived from the operation of the City's parking system (collectively, the "Revenues").

4.03. General Obligation Pledge. The full faith and credit of the City are irrevocably pledged for payment of the Term Loan and the City has obligated itself to levy ad valorem taxes on all taxable property in the City in the event of any deficiency in the Revenues, which taxes may be levied without limitation as to rate or amount.

4.04. No Tax Levy. It is hereby determined that the estimated collections of Revenues and interest thereon for payment of principal and interest on the Term Loan will produce at least five percent (5%) in excess of the amount needed to meet when due, the principal and interest payments on the Note and that no tax levy is needed at this time.

4.05. Certified Copy of Resolution. The City Clerk is hereby authorized and directed to certify a copy of this resolution and cause the same to be filed with the Director of the Taxpayer Services Department of Hennepin County, exercising the powers of the county auditor under Minnesota Statutes, Section 475.63, and to obtain the certificate of the Director of the Taxpayer Services Department of Hennepin County as to the registration of the Note.

4.06. Covenant to Appropriate. The City covenants and agrees that it shall (i) include all amounts payable as principal of and interest on the Term Loan for each fiscal year in which such amounts are due and payable in its budget for that fiscal year; (ii) appropriate such amounts from the proper funds for such payments; and (iii) duly and punctually pay or cause to be paid such payments of principal of and interest on the Term Loan.

SECTION 5. TAX COVENANTS.

5.01. Tax-Exempt Term Loan. No action shall be taken or authorized to be taken in connection with the application or investment of the proceeds of the Term Loan which would cause the Term Loan to be or become a “private activity bond” within the meaning of Section 141 of the Code and the applicable Treasury Regulations promulgated thereunder, or be or become an “arbitrage bond” within the meaning of Section 148 of the Code and the applicable Treasury Regulations promulgated thereunder. The City shall take all such actions as may be required under the Code and applicable Treasury Regulations to ensure that interest on the Term Loan, as evidenced by the Note, is not includable in gross income for federal income tax purposes.

5.02. Not Private Activity Term Loan. The investments of the proceeds of the Term Loan, including the investments of any Revenues pledged to the Term Loan which are considered proceeds under Section 148 of the Code and the applicable Treasury Regulations promulgated thereunder, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the Term Loan shall not be or become an “arbitrage bond” within the meaning of Section 148 of the Code and the applicable Treasury Regulations promulgated thereunder. On the basis of the existing facts, estimates, and circumstances, including the foregoing findings and covenants, it is not expected that the proceeds of the Term Loan will be used in such manner as to cause the Term Loan to be or become “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable Treasury Regulations promulgated thereunder. The Finance Officer shall furnish a certificate to the Bank based on the foregoing certification at the time of delivery of the Note and the Finance Officer may make any election permitted under Section 148 or Section 150 of the Code on behalf of the City.

SECTION 6. MISCELLANEOUS MATTERS RELATING TO NOTE.

6.01. Enforceability of Term Loan Agreement and Note. All agreements, covenants, and obligations of the City contained in this Resolution and in the above-referenced documents shall be deemed to be the agreements, covenants, and obligations of the City to the full extent authorized or permitted by law, and all such agreements, covenants, and obligations shall be binding on the City and enforceable in accordance with their terms. No agreement, covenant, or obligation contained in this Resolution or in the above-referenced documents shall be deemed to be an agreement, covenant, or obligation of any member of the City Council, or of any officer, employee, or agent of the City in that person’s individual capacity. Neither the members of the City Council, nor any officer executing the Term Loan Agreement or the Note shall be liable personally on the Term Loan Agreement or the Note or be subject to any personal liability or accountability by reason of the execution of the Term Loan Agreement or the issuance of the Note.

6.02. Rights Conferred. Nothing in this Resolution or in the above-referenced documents is intended or shall be construed to confer upon any person (other than as provided in the Term Loan Agreement or the Note and the other agreements, instruments, and documents hereby approved) any right, remedy, or claim, legal or equitable, under and by reason of this Resolution or any provision of this Resolution.

6.03. Persons Authorized to Execute Documents. If for any reason the Finance Officer or any other officers, employees, or agents of the City authorized to execute certificates, instruments, or other written documents on behalf of the City shall for any reason cease to be an officer, employee, or agent of the City after the execution by such person of any certificate, instrument, or other written document, such fact shall not affect the validity or enforceability of such certificate, instrument, or other written document. If for any reason the Finance Officer or any other officers, employees, or agents of the City authorized to execute certificates, instruments, or other written documents on behalf of the City shall be unavailable to execute such certificates, instruments, or other written documents for any reason, such certificates, instruments, or other written documents may be executed by an acting or assistant to such officer, or by such other officer of the City as in the opinion of the City Attorney is authorized to sign such document.

6.04. Amendments. The authority to approve, execute, and deliver future amendments to the documents executed and delivered by the City in connection with the transactions contemplated by this Resolution is hereby delegated to the Finance Officer, subject to the following conditions: (a) such amendments do not require the consent of the Bank or, if required, such consent has been obtained; (b) such amendments do not materially adversely affect the interests of the City as the issuer of the Note; (c) such amendments do not contravene or violate any policy of the City; (d) such amendments are acceptable in form and substance to the City Attorney, bond counsel or other counsel retained by the City to review such amendments; (e) the City has received, if necessary, an opinion of bond counsel to the effect that the amendments will not adversely affect the tax-exempt character or interest on the Term Loan (if the Note are then tax-exempt obligations); and (f) such amendments do not materially prejudice the interests of the owners of the Note. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Finance Officer shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Finance Officer, any instrument authorized by this paragraph to be executed and delivered by the Finance Officer may be executed by such other officer of the City as in the opinion of the City Attorney is authorized to execute and deliver such document.

6.05. Effective Date. This Resolution shall take effect and be in force from and after its approval.

EXHIBIT A

FORM OF GENERAL OBLIGATION TERM LOAN NOTE

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN

**CITY OF MINNEAPOLIS, MINNESOTA
GENERAL OBLIGATION TERM LOAN NOTE
SERIES 2011**

\$44,750,000

January 3, 2012

The City of Minneapolis, Minnesota, a duly organized and existing municipal corporation in Hennepin County, Minnesota (the "City"), acknowledges itself to be indebted and for value received, hereby promises to pay U.S. Bank National Association (the "Bank"), the principal sum of Forty-Four Million Seven Hundred and Fifty Thousand Dollars and 00/100 (\$44,750,000), payable as set forth in that certain Term Loan Agreement, dated as of November 1, 2011 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*"), between the City and the Bank. All capitalized terms used herein have the meaning given such terms in the Agreement.

The City promises to pay interest on the unpaid principal amount of the Term Loan from the date of the Term Loan (January 3, 2012) until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Bank in immediately available funds at the Bank's Lending Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Term Loan Note evidences the City's obligations to pay the principal of and interest on the Term Loan, as described in the Agreement. The Term Loan was obtained by the City pursuant to a resolution adopted by the City Council of the City adopted on November 18, 2011 (the "Resolution"), for the purpose of providing money to refund the outstanding principal amount of certain general obligation bonds of the City, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Section 475.67. The principal of and interest on the Term Loan are payable primarily from available tax increment revenues from various tax increment districts located in the City and certain net revenues derived from the operation of the City's parking system, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of the Term Loan and the City has obligated itself to levy ad valorem taxes on all taxable property in the City in the event of any deficiency, which additional taxes may be levied without limitation as to rate or amount. Pursuant to the Agreement, the City covenanted and agreed that it shall (i) include all amounts payable as principal of and interest on the Term Loan for each Fiscal Year in which such amounts are due and payable in its budget for that Fiscal Year; (ii) appropriate such amounts from the proper funds for such payments; and (iii) duly and punctually pay or cause to be paid such payments of principal of and interest on the Term Loan.

This Term Loan Note is the Note referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Agreement. The Term Loan made by the Bank shall be evidenced by one or more loan accounts or records maintained by the Bank in the ordinary course of business. The Bank may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Term Loan and payments with respect thereto.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Term Loan Note in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Term Loan Note does not cause the indebtedness of the City to exceed any constitutional, statutory, or charter limitation of indebtedness.

This Term Loan Note is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

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IN WITNESS WHEREOF, the City of Minneapolis has caused this Term Loan Note to be executed in its name and on its behalf by the facsimile or manual signature of the Finance Officer and its official seal to be affixed or imprinted hereon.

CITY OF MINNEAPOLIS, MINNESOTA

By _____
Finance Officer

Registrar's Registration and Authentication Certificate

This is the Term Loan Note described in the within mentioned Resolution and has been registered as to principal and interest in the name of the Registered Owner identified above on the registration books of the Finance Officer of the City of Minneapolis.

Finance Officer, as Registrar

Dated: _____

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