

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

Date: November 27, 2007

To: Council Member Lisa Goodman, Chair, Community Development Committee

Council Member Paul Ostrow, Chair, Ways and Means Committee

Subject: Approval of Coloplast North American headquarters office expansion

project (1601 West River Road): Proposed Redevelopment Plan and

TIF Plan, Issuance of Pay-As-You-Go TIF Note, and proposed

redevelopment contract business terms

#### Recommendation:

- 1. Approve the attached City Council Resolution adopting Modification No. 15 to the North Washington Industrial Park Plan, Modification No. 110 to the Common Plan and the Coloplast Redevelopment Tax Increment Finance Plan;
- 2. Approve the attached City Council Resolution authorizing the issuance of a Limited Revenue Pay-As-You-Go Tax Increment Financing Note to Coloplast in a principal amount not to exceed \$2,935,000;
- 3. Approve the proposed redevelopment contract business terms as described in this report;
- 4. Authorize the appropriate City officials to execute the redevelopment contract with Coloplast Corp. and all other necessary documents related to the above recommended actions.

# **Previous Directives:**

- On August 3, 2007, the City Council authorized staff to continue analysis of the Coloplast project proposal, negotiate terms and conditions of a redevelopment contract, and prepare a redevelopment plan and tax increment financing plan.
- On August 3, 2007, the City Council accepted and appropriated Environmental Remediation Grants awarded by the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program and Metropolitan Council Livable Communities Tax Base Revitalization Account (TBRA) Grant Program totaling \$944,500 for the Coloplast project.
- On April 27, 2007, the City Council authorized staff to submit applications for remediation grant funds for various projects, including Coloplast, to the Minnesota Department of Employment and Economic Development (DEED) Contamination Clean Up and Investigation Grant Program, The Metropolitan Council Livable Communities

Tax Base Revitalization Account (TBRA) Grant Program, and the Hennepin County Environmental Response Fund (ERF).

Prepared by: Carrie Flack, Sr. Project Coordinator, 612-673-5010
Approved by: Charles T. Lutz, Deputy Director
Jack Kryst, Director, Development Finance
Presenter in Committee: Carrie Flack, Sr. Project Coordinator

# Financial Impact

• No financial impact

# **Community Impact**

- Neighborhood Notification: Notification of this project was sent to the neighborhoods prior to the City Planning Commission hearing on July 16, 2007. This project was previously presented to the Above the Falls Citizen Advisory Committee on May 22, 2007, and the North Washington Jobs Park Committee on June 19, 2007. Both groups have submitted letters of support. The Northside Residents Redevelopment Council has also indicated support for the Coloplast project.
- City Goals: One Minneapolis Equal Access, Equal Opportunity, Equal Input
- Comprehensive Plan: 2.8 Minneapolis will develop the existing economic base by emphasizing business retention and expansion; 2.9 Minneapolis will strengthen long-term confidence in the economy by building innovative public to private sector partnerships; 9.6 Minneapolis will work with private and other public sector partners to invest in new development that is attractive, functional, and adds value to the physical environment.
- Zoning Code: The proposed project is currently in compliance with zoning code and will
  follow all required City processes for new construction and the campus expansion portion
  of the project. The Coloplast project received approval of its application from the City
  Planning Commission on July 16, 2007.

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•	Sustainability	Tarders:	INA

-	Sustainability rangets. The				
•	Living Wage/Business Subsidy Agre	ement -	YesX	No(This wi	II be
	executed on or before the redevelop	oment contract a	and loan closing	g date)	
•	Job Linkage - Yes No_	_X			

#### Other

# **SUPPORTING INFORMATION**

#### **Background**

On August 3, 2007, the City Council granted Project Analysis Authorization to allow staff to analyze Coloplast's request for tax increment assistance for its North American headquarters expansion project. Coloplast is located at 1601 West River Road in Ward 5 on property owned by a company it acquired known as the Mentor Corporation. Mentor Corporation was founded in Minneapolis in 1969 to manufacture urology products. In 1972, Mentor moved to the West River Road site in Minneapolis. The original building included research and development, manufacturing, sales and administration. As the company grew, it purchased additional property along West River Road, including buildings at 1525, 1601 and 1615 West River Road.

In 1985, Mentor purchased a medical device company in Santa Barbara, California, and moved the headquarters to California. The West River Road site then became the research and development and manufacturing site for Mentor Urology, specializing in continence management devices as well as implantable devices to cure erectile dysfunction.

In June 2006, Coloplast A/S of Denmark bought the urological business of Santa Barbara - based Mentor Corporation, including the facilities on West River Road in Minneapolis. Coloplast is not new to the United States. Since 1990, sales and distribution facilities have been located in Marietta, Georgia. Once the purchase of Mentor Corporation took place, a search began to determine the preferred site for a new North American headquarters. The headquarters location is important because Coloplast is projecting significant growth in the US market.

In July 2006, Coloplast announced that they would like Minneapolis to be the site of their North American headquarters. The reasons included: the existing Mentor labor force of approximately 300 employees; the presence of a strong medical device industry; the availability of a well educated and trained labor force; and, the belief that Minneapolis can accommodate long-term growth projections of Coloplast for the next 50 years.

# **Development Project**

Coloplast occupies 140,000 square feet at the West River Road location. The scope of the current project is to construct a new six-story, 90,000 sq. ft. "first-class" headquarters office building and 40,000 sq. ft. of new product development. The existing manufacturing space will be renovated with a portion of the warehouse space in the building being converted to a research and development use. There are two buildings on the site that will be demolished: a 14,975 sq. ft. two-story office building located at 1601 West River Road and a 67,275 sq. ft. single-story manufacturing building located at 1615 West River Road. With the existing building and new construction, the total amount of square footage on the site will be 197,050 sq. ft. with approximately 284 on-site parking spaces.

Coloplast is relocating a portion of its healthcare manufacturing operations (approximately 100 jobs) to a facility in Vadnais Heights. This move is to accommodate the new construction on the site and to satisfy the parking need. It is the intent of Coloplast to relocate the displaced healthcare manufacturing back to the West River Road Headquarters location upon the acquisition of additional land in the area as a potential second phase of the project.

The new office tower will accommodate 200 new headquarters employees with room for significant growth. Coloplast will also make improvements to the existing manufacturing area by increasing the space dedicated to research and development. These improvements represent the first of their expansion projects proposed over the next eleven years. A site plan and elevation are attached as **Exhibit 1**.

#### TAX INCREMENT FINANCING ASSISTANCE

The total development cost (TDC) of the project is currently projected to be approximately \$48.5 million. Coloplast's application requested 25 years of tax increment financing (TIF) assistance to fund \$3.5 million in upfront demolition, rehabilitation and other TIF-eligible project costs. Initially their application also requested TIF assistance through the City's issuance of a TIF revenue bond. However, this request was subsequently revised to request TIF assistance through the City's issuance of a TIF pay-as-you-go revenue note, which is the more typical form of TIF financing provided to commercial projects in the City of Minneapolis.

**Estimated Development Costs:** Project costs are as follows:

Current Land & Buildings	\$8,722,500
Relocation	60,000
Design	2,360,090
Construction	32,330,000
Development & Misc.	692,732
Surgical Production Equipment	750,000
Furniture, Fixtures & Equipment	2,015,000
IT Systems	250,000
Contingency	1,264,178
TOTAL	\$48,444,500

**Estimated Development Sources:** Project sources are as follows:

	<u> </u>	
Private Financing	\$44,065,000	91%
Tax Increment Financing	2,935,000	6%
DEED & Met Council Grants	944,500	2%
MIF Grant	500,000	1%
TOTAL	\$48,444,500	100%

A blight analysis was completed which determined that the subject site is blighted and will qualify as a redevelopment TIF district. The proposed development project will eliminate blight and provide 200 new jobs. The proposed development would not occur at this location without public financial assistance due to the extraordinary costs involved in the redevelopment of an industrial urban location when compared to other available development sites considered by Coloplast.

In addition, as this property is currently in the North Washington Industrial Park Tax Increment District, the City must first decertify these parcels in order to establish a new tax increment district. The City received approval from the bond insurer, MBIA, to release the three parcels from the NWIP plan area.

CPED has determined that up to \$2,935,000 in tax increment financing assistance is justifiable. Such assistance will be provided to the project through the issuance of a TIF pay-as-you-go revenue note. The note will carry an annual interest rate of 7.25%, and it is currently projected that the note will be paid off utilizing 21 years of tax increment collection. The note will reimburse Coloplast for the following TIF-eligible upfront costs:

•	Site Improvements	\$1,780,000
•	Public Improvements/Utilities	475,000
•	Streets/Sidewalks/Parking Lots	680,000

#### **ADDITIONAL PUBLIC ASSISTANCE**

# **Public Financing**

In addition to the environmental remediation grants awarded to the Coloplast project totaling \$944,500, the City will apply, accept and appropriate funds from the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) in the amount \$500,000 for equipment related to the Coloplast campus expansion project. This set of actions is described more fully in a companion report. Furthermore, DEED has up to \$400,000 through the Minnesota Job Skills Partnership Program that Coloplast may elect to apply for as well which will help deliver the workforce committed to with the awarding of these public funds.

In accordance with the City's wage and job criteria under the Business Subsidy Act, for every \$25,000 of subsidy in a project, one living wage job must be created. Thus, Coloplast must create 140 new living wage jobs for the \$2,935,000 in TIF assistance received from the City and \$500,000 in MIF funds received from DEED. Coloplast will enter into a business subsidy agreement with the City requiring repayment of a proportional amount of the assistance if these wage and job goals are not met by August 28, 2008. The environmental grants are exempt from this requirement.

In addition, Coloplast has worked with the City to establish employment goals in excess of the City requirements. These goals are specifically defined in the redevelopment contract business terms section below. The City will recapture a portion of the TIF assistance in the event that these goals are not met.

#### **Proposed Redevelopment Contract Business Terms**

- Minimum Improvements: Coloplast must construct minimum improvements consisting of rehabilitation of an existing building and new construction of a 6-story, 90,000 square foot office building, 40,000 square feet of research and development space and related improvements on the 1601 West River Road site within 18 months after closing.
- 2. TIF Assistance: City will provide a pay-as-you-go TIF note not to exceed \$2,935,000 (annual interest rate of 7.25%)

# TIF eligible expenses

Total	\$2,935,000
Streets/Sidewalks/Parking Lots	680,000
Public Improvements/Utilities	475,000
Site Improvements	\$1,780,000

- 3. TIF Recapture: Coloplast agrees that the total number of Coloplast employees, the number of employees who are Minneapolis residents, and the number of North Minneapolis residents shall at a minimum, be as follows as of August 28, 2013:
  - Total Twin Cities Employees = 458
     Minneapolis Residents = 128
     North Minneapolis Residents = 40
  - Total Headquarters Employees = 338
     Minneapolis Residents = 100
     North Minneapolis Residents = 30

If a shortfall in jobs exists in any category on August 28, 2013, and such shortfall is not cured within 180 days then the principal amount of the TIF note shall at that time be permanently reduced by \$25,000 per job below the minimums listed above. The maximum recapture amount is \$600,000.

- 4. Business Subsidy Agreement: 120 jobs for TIF; 20 jobs for MIF; start date is August 28, 2006. Two-year measurement date is August 28, 2008.
- 5. Employment Plan:

Coloplast agrees to the following:

- a. Use good faith efforts to cause its contractor to comply with the SUBP goals (9% minority-owned and 8% woman-owned businesses) for the project;
- b. Work with CPED to determine ways to fill the pipeline of construction workers, subject to availability, from Northside residents;
- c. Provide speakers two times per year to present the medical device manufacturing industry to Minneapolis North students;
- d. Conduct on-site tours two times per year for Minneapolis North students;
- e. Provide a minimum of four mentors per year to meet with Minneapolis North students two times per year;
- f. Select two North Minneapolis residents who are aspiring scientists as "Coloplast Scholars" beginning summer 2008 and each summer thereafter for a minimum of five years, to participate in paid summer internships that will expose them to the medical device industry;
- g. Develop a marketing campaign to promote bioscience careers to Minneapolis North students; and
- h. Aspire to establish jobs and career tracks for no less than 66 North Minneapolis residents and over 150 Minneapolis residents.

City agrees to augment Coloplast's efforts with the following:

- a. Provide a "Clean and Green Crew" from the Step-Up Program; and
- b. Assist with scholarships through the Power of You and Founders Opportunity Scholarship programs at the Minnesota State Colleges and Universities (MnSCU) system and the University of Minnesota for the "Coloplast Scholars".

# **REVISED RESOLUTION**

Authorizing the issuance of a tax increment limited revenue note in substantially the form recited herein in a principal amount not exceeding \$2,935,000 in connection with the Coloplast 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 469.1799, as amended (the "Tax Increment 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 North Washington Industrial Park (NWIP) Redevelopment Project (the "Project") pursuant to Modification No. 15 to NWIP Redevelopment and Tax Increment Finance Plan and Modification No. 110 to the Common Development and Redevelopment and Common Tax Increment Finance Plan, both dated October 12, 2007 and adopted December 7, 2007 (the "Redevelopment Plan"); and

Whereas, in furtherance of the Redevelopment Plan, the City also has approved the Coloplast Redevelopment Tax Increment Finance Plan dated October 12, 2007 and adopted December 7, 2007 (the "TIF Plan"); and

Whereas, pursuant to the Tax Increment Act, and specifically 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; and

Whereas, the City has entered or will enter into a redevelopment contract (the "Contract") with Coloplast Corp., a Delaware corporation (the "Developer"), pursuant to which the City will provide tax increment financing assistance and the Developer will rehabilitate an existing building and develop a six-story, 90,000 square foot "first class" headquarters office building, 40,000 square feet of research and development space and related site and public 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 (Coloplast Project)

The City of Minneapolis (the "City"), hereby acknowledges itself to be obligated and, for value received, promises to pay to the order of Coloplast Corp., a Delaware corporation (or its permitted successors or assigns under the Contract, the "Developer"), solely from the source, to the extent, and in the manner hereinafter provided, the principal amount of this Note, being Two Million Nine Hundred Thirty-Five Thousand and No/100 Dollars (\$2,935,000) or such lesser amount as may equal the certified 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.

"<u>Certificate of Completion</u>" means a certificate issued by the City to the Developer pursuant to Section 5.04 of the Contract upon substantial completion of the Minimum Improvements.

"Benefit Date" means August 28, 2006.

"Contract" means that certain Redevelopment Contract by and between the City and the Developer dated [insert date], 2007.

- "<u>District</u>" means the Coloplast Redevelopment Tax Increment Finance District within the Redevelopment Project.
- "<u>Maturity Date</u>" 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 rehabilitation of an existing building and new construction of a 6-story, 90,000 square foot office building, 40,000 square feet of research and development space, and related improvements as described in the Contract.
- "North Minneapolis Resident" means a person who resides in the Near North or Camden communities, as defined in the Minneapolis Plan adopted by the City Council in March 2000.
- "Note Rate" means 7.25% per annum.
- "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; provided, however, that in no event shall any payments commence before the City's issuance of the Public Costs Certification and the Certificate of Completion.
- "<u>Property</u>" means the real property legally described in the attached **Exhibit A**, upon which the Minimum Improvements will be constructed.
- "<u>Public Costs</u>" means actual Public Costs as defined in the Contract, not in excess of \$2,935,000 related to the Minimum Improvements and which are approved by the City pursuant to the Contract.
- "<u>Public Costs Certification</u>" 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.
- "<u>Redevelopment Project</u>" means the North Washington Industrial Park (NWIP) Redevelopment Project, which includes the Property, as modified pursuant to Modification No. 15 to the NWIP Redevelopment Plan.

"<u>Tax Increment</u>" 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.

"<u>Tax Increment Act</u>" means *Minnesota Statutes*, Section 469.174-469.1799, 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 the Developer is in default under the Contract, and, after notice by the City to the Developer as provided in the Contract, such default has not been cured within the time period provided in the Contract, then the City may suspend payment on this Note until a) the default is cured or b) prior to the issuance of the Certificate of Completion, the Contract and the City's obligations under this Note are terminated. If the City suspends payments due under this TIF Note, the City shall make the suspended payments to the Developer within ten (10) business days after the Developer's cure of the Event of 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 payment to the Developer. To the extent that on any Payment Date there is insufficient Available Tax Increment to make a scheduled payment, such failure to make a scheduled payment shall not constitute a default under this Note. If the Developer or other Minimum Improvements' owner fails to pay all or a portion of the property taxes due and owing on the Minimum Improvements, 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.

Notwithstanding any contrary provision of this Note, if the total number of employees of Coloplast Corp. or its affiliates, the number of employees who are Minneapolis residents and the number of employees who are North Minneapolis Residents on the 7<sup>th</sup> anniversary of the Benefit Date (the "Measurement Date") is not equal to or greater than the following:

<u>Twin Cities</u>		<u>Headquarters</u>
Total Employees	458	338
Minneapolis Residents	128	100
North Minneapolis Residents	40	30

and the shortfalls are not cured within 180 days after the Measurement Date, then the principal amount of this Note shall be reduced by \$25,000 for each job in each category above that does not exist on the Measurement Date, up to a maximum recapture amount of \$600,000.

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, check or draft made payable to the Developer and mailed to the Developer at [insert address] 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 City Council, has

caused this Note to be executed caused this Note to be dated	by the manual signature of its Finance Officer, and has, 2007.
	CITY OF MINNEAPOLIS
	Ву
	Patrick Born
	Its Finance Officer
Approved as to form:	
Assistant City Attorney	

# [Legal Description of the Property to be Inserted at Closing]

- 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 issuance of said Note to the Developer is hereby approved, and the Note is hereby directed to be delivered 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 Tax Increment 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.