MPHA Hold. Co.

NOTICE AND AGENDA

January 22, 2020

Regular Meeting of the Board of Directors
(immediately following adjournment of
MPHA Board of Commissioners meeting)
1001 Washington Avenue North, Minneapolis, Minnesota

1. MPHA Hold. Co., Organizational Actions
    - Adoption of Bylaws
    - Election of Officers
    - Formation of Elliots Mgmt. LLC
    - Formation of Elliots LP

Notice: *A portion of this meeting may be closed to the public pursuant to Minnesota Statutes Section 13D.03 or 13D.05.*

January 22, 2020 Agenda Item 1

REPORT TO THE COMMISSIONERS OF MPHA HOLD. CO.

FROM: Tracey Scott, Interim Executive Director / CEO

SUBJECT: MPHA Hold. Co. Organizational Actions (Adoption of Bylaws, Election of Officers, and Formation of Elliots Mgmt. LLC and Elliots LP)

Previous Directives: The MPHA Board of Commissioners ratified the incorporation of MPHA Hold. Co., a corporation of which MPHA is its sole member.

Resident Council Review / Recommendations: This matter will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's January 22, 2020 meeting.

Budget Impact: None.

Affirmative Action Compliance: Not Applicable.

Procurement Review: Not Applicable.

RECOMMENDATION: It is recommended that the Board of Commissioners of MPHA Hold. Co. adopt its Bylaws, Elect its Officers, and form Elliots Mgmt. LLC and Elliots LP.

The Elliot Twins' RAD conversion requires the formation of various corporate entities to effectuate the transfer from public housing subsidy to that of housing choice voucher subsidy under the RAD program, as well as to accomplish certain tax implications as contemplated by the low-income housing tax credit program. MPHA Hold. Co. was formed as a tax-exempt 501 (c)(3) nonprofit corporate entity to allow the election of accelerated tax depreciation of the property improvements. The MPHA Hold. Co. needs to adopt Bylaws which outline the organization's governance.

Two other single purpose entities need be formed, in this instance by MPHA Hold. Co., in order to effectuate the RAD transaction and benefits to be realized in the Low-Income Housing Tax Credit component of that transaction. The two entities are as follows:

1. A general partner entity, in this instance Elliots, Mgmt. LLC, to act as a General Partner. Elliots, Mgmt. LLC will be the managing and controlling member of Elliots LP, the acquiring entity of the Elliot Twins project.

2. Elliots LP, the limited partnership that will consist of a General Partner (Elliots Mgmt. LLC) and a limited partner. MPHA will transfer a real estate interest in the form of a capitalized ground lease to Elliot, LP as part of this RAD transaction.

MPHA is recommending that the Board of Commissioners of MPHA Hold. Co. adopt Bylaws that will detail organizational governance, elect officers, form Elliots, Mgmt. LLC and Elliots LP, and authorize the Executive Director to execute such documents on behalf of these entities as necessary to effectuate the Elliot Twins Project RAD conversion.

RESOLUTION No. 20-01

MPHA HOLD. CO.

FORMATION OF THE CORPORATION

WHEREAS, the incorporator filed the Articles of Incorporation of this Corporation with the Minnesota Secretary of State on January 14, 2020, pursuant to Minnesota Statutes, Chapter 317A;

WHEREAS, the incorporator appointed the current MPHA Commissioners as the Board of Directors of this Corporation; and

WHEREAS, the Board of Directors of this Corporation has the power to elect officers and take other action on behalf of this Corporation,

NOW, THEREFORE, BE IT RESOLVED, that all actions taken and all obligations incurred by Lisa R. Griebel as the incorporator of this Corporation prior to and in connection with its incorporation, including the filing of the Articles of Incorporation and the appointment of the Corporation's initial directors are hereby ratified and approved in all respects.

FURTHER RESOLVED, that the Bylaws in the form attached hereto are hereby adopted and approved as the Bylaws of the Corporation and the Executive Director is directed to acknowledge the adoption of the Bylaws by executing the authorization and inserting a copy of the Bylaws in the record book of this Corporation.

FURTHER RESOLVED, that the following persons are hereby elected as officers of this Corporation effective as of the date of these resolutions:

Chair	Chair of MPHA
Vice Chair	Vice Chair of MPHA
Treasurer	CFO of MPHA
Executive Director	Executive Director of MPHA

FURTHER RESOLVED, that the officers are authorized signers for this Corporation's checking and other financial accounts.

FURTHER RESOLVED, that the fiscal year for this Corporation for accounting, tax and all other purposes shall be the same as the fiscal year of MPHA.

FURTHER RESOLVED, that the conflict of interest policies of MPHA shall be the conflict of interest policies of this Corporation, as they may be amended from time to time.

FURTHER RESOLVED, that the Executive Director and the Treasurer are authorized to perform and do such acts and things and to execute and file such documents as in their opinion may be necessary, desirable or convenient in order to carry out the purposes of the foregoing resolutions and the purposes of this Corporation, including, but not limited to, filing an application for tax exemption (IRS form 1023) for the Corporation with the Internal Revenue Service.

FURTHER RESOLVED, this Corporation accepts Lisa R. Griebel's resignation as Incorporator of the Corporation.

FORMATION OF ELLIOTS MGMT. LLC

WHEREAS, the undersigned desired to form a Minnesota limited liability company in which this Corporation is the sole member, to be known as Elliots Mgmt. LLC, to serve as the general partner in Elliots LP and to manage and cause Elliots LP to lease land, purchase improvements and revitalize, own, maintain and operate a multi-family residential property consisting of 184 dwelling units for rental to low-income eligible households known as Elliot Towers located at 1212 S 9th St. and 1225 S 8th St. in Minneapolis, MN (the "Project") pursuant to the U.S. Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration Program (RAD) and Section 8 programs and the low-income housing tax credit program; and

WHEREAS, the undersigned desire to approve the following resolutions related to the formation of Elliots Mgmt. LLC,

NOW, THEREFORE, BE IT RESOLVED, that this Corporation ratifies every action of Lisa R. Griebel as Organizer of Elliots Mgmt. LLC, including but not limited to the preparation, execution and filing of (i) the Articles of Organization for Elliots Mgmt. LLC, and (ii) the Appointment and Agreement of the Initial Member of Elliots Mgmt. LLC.

FURTHER RESOLVED, that the Executive Director is directed to execute the Appointment and Agreement of the Initial Member of Elliots Mgmt. LLC and to insert a copy in the record book of Elliots Mgmt. LLC.

FURTHER RESOLVED, that the Operating Agreement in the form attached hereto is hereby adopted and approved as the Operating Agreement of Elliots Mgmt. LLC and this Corporation acknowledges that Elliots Mgmt. LLC shall be a member-managed limited liability company under Minnesota Statutes Chapter 322C with this Corporation being the sole member.

FURTHER RESOLVED, that the Executive Director is directed to execute the Operating Agreement on behalf of Elliots Mgmt. LLC and to insert a copy of the Operating Agreement in the organization's record book.

FURTHER RESOLVED, that the following persons are hereby elected as officers of Elliots Mgmt. LLC effective as of the date of these resolutions:

Chair	Chair of MPHA
Vice Chair	Vice Chair of MPHA
Treasurer	CFO of MPHA
Executive Director	Executive Director of MPHA

FURTHER RESOLVED, that the officers are authorized signers for the Elliots Mgmt. LLC's checking and other financial accounts.

FURTHER RESOLVED, that the fiscal year of Elliots Mgmt. LLC for accounting, tax and all other purposes shall be the same as the fiscal year of MPHA.

FURTHER RESOLVED, that the conflict of interest policies of MPHA shall be the conflict of interest policies of Elliots Mgmt. LLC, as they may be amended from time to time.

FURTHER RESOLVED, that this Corporation and Elliots Mgmt. LLC accept Lisa R. Griebel's resignation as the Organizer of Elliots Mgmt. LLC.

FORMATION OF ELLIOTS LP

WHEREAS, this Corporation desires to form Elliots LP, a Minnesota limited partnership, to own the Project with the Elliots Mgmt. LLC as the general partner and this Corporation as the initial limited partner until other investors are secured; and

WHEREAS, the undersigned desire to approve the following resolutions related to the formation of Elliots LP,

NOW THEREFORE, BE IT RESOLVED, that the Limited Partnership Agreement of Elliots LP in the form attached hereto is hereby adopted and approved as the Limited Partnership Agreement of Elliots LP and the Corporation acknowledges that Elliots Mgmt. LLC shall be the general partner of Elliots LP and this Corporation shall be the limited partner.

FURTHER RESOLVED, that the Executive Director is directed to execute the Limited Partnership Agreement of Elliots LP on behalf of both Elliots Mgmt. LLC and this Corporation and to insert a copy of the agreement in the record books of both organizations.

FURTHER RESOLVED, that the Executive Director is directed to execute the Certificate of Limited Partnership and Lisa R. Griebel is directed to file the Certificate of Limited Partnership with the Minnesota Secretary of State.

FURTHER RESOLVED, that the fiscal year of Elliots LP for accounting, tax and all other purposes shall be the same as the fiscal year of MPHA.

FURTHER RESOLVED, that the conflict of interest policies of MPHA shall be the conflict of interest policies of Elliots LP, as they may be amended from time to time.

FURTHER RESOLVED, that this Corporation ratifies every action of Lisa R. Griebel in the development and formation of forming Elliots LP.

FURTHER RESOLVED, that the Executive Director and the Treasurer of the general partner, Elliots Mgmt. LLC are hereby appointed as the authorized signers for the Elliots LP's checking and other financial accounts.

OTHER ITEMS

RESOLVED, that the Corporation's Executive Director is authorized to perform and do such acts and things and to execute and file such documents as in the opinion of the Executive Director may be necessary, desirable or convenient in order to carry out the purposes of the foregoing Resolutions and of this Corporation.

FURTHER RESOLVED, that the acts and conduct of Lisa R. Griebel, the directors, and officers of this Corporation, together with all acts and conduct of those persons at the request of or under the direction of Lisa R. Griebel, the member, directors, and officers, taken in the establishment of the existence of the Corporation, Elliots Mgmt. LLC and Elliots LP and the related business activities, to the date of this Resolution, are hereby approved and ratified.

BYLAWS OF
MPHA HOLD. CO.

This instrument constitutes the Bylaws of MPHA Hold. Co., a Minnesota nonprofit corporation, adopted for the purpose of regulating and managing the internal affairs of the corporation.

ARTICLE I
CORPORATE SEAL

The corporation shall not have a seal.

ARTICLE II
MEMBERS

Section 2.1. Members. The corporation shall have one member. The Minneapolis Public Housing Authority in and for the City of Minneapolis (the "Minneapolis Public Housing Authority") is the sole member of the corporation.

Section 2.2. Member's Rights. The member shall have all rights granted to it by law and any other rights granted to it from time to time by the Board of Directors of the sole member.

Section 2.3. Member Meetings. Because there is only one member of the corporation there shall be no member meetings.

ARTICLE III
BOARD OF DIRECTORS

Section 3.1. Number, Composition of Board. All of the Commissioners of the Minneapolis Public Housing Authority shall serve, ex officio, as voting members of the Board of Directors of the corporation. At no time shall there be fewer than three (3) members of the Board of Directors.

Section 3.3. Terms of Directors. Directors shall serve contemporaneously with their terms as Commissioners of the Minneapolis Public Housing Authority.

Section 3.4. Quorum. At all meetings of the Board of Directors a majority of the directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business.

Section 3.5. Number Required for Action by Directors. Except where otherwise required by law, the Articles or these Bylaws, the affirmative vote of a majority of the directors present at a duly held meeting shall be sufficient for any action.

Section 3.6. Written Action. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken by written action signed, or consented to by authenticated electronic communication, by the number of directors required to take the same action at a

meeting of the Board of Directors at which all directors were present. The written action is effective when signed by the required number of directors, unless a different effective date is provided in the written action. When written action is taken by fewer than all of the directors, all directors shall be notified immediately of its text and effective date, except that failure to provide such notice does not invalidate the written action.

Section 3.7. Regular, Annual or Special Meetings. Meetings of the Board of Directors shall be held at such time and place as may be designated from time to time by resolution of the sole member. Meeting notice procedures shall follow the practices of the sole member. The Board of Directors shall meet at least once every year.

Section 3.8. Place of Meetings. The Board of Directors may hold its meetings at any place in this state or in any other place, as a majority of the directors then in office may from time to time select. Upon failure to select any other place, such meetings shall be held at the principal offices of the Minneapolis Public Housing Authority.

Section 3.9. Electronic Communications. Telephone and electronic participation in a meeting shall be in accordance with Minnesota Statutes Chapter 13D. Open Meeting Law, as it may be amended from time to time.

Section 3.10. Committees. The Board of Directors may form other committees as needed. Other committees may include Board members and non-Board members as determined by the Board of Directors. Committee members shall hold such office for a term of one (1) year from their appointment or until their successors are appointed, whichever occurs first. Meetings of a committee may be called, from time to time, upon request of the Chair, the chair of the committee or any two (2) committee members. Notice requirements shall be the same as for special meetings of the Board of Directors, except that notice may be given orally or in writing.

Section 3.11. Compensation of Directors. Directors shall not be compensated by the corporation for their duties as directors.

ARTICLE IV
OFFICERS

Section 4.1. Appointment of Officers. The officers of the corporation shall be a Chair, a Vice-Chair, an Executive Director, a Chief Financial Officer and such other officers as the Board of Directors may, from time to time, appoint. The Chair, Vice-Chair, Executive Director and Chief Financial Officer of the Minneapolis Public Housing Authority shall serve, ex officio, as the officers of the corporation and shall have the same duties and responsibilities for this corporation as they have for the Minneapolis Public Housing Authority as well as any additional duties and responsibilities as may be assigned by the Board of Directors from time to time. Any officer may at any time be removed by the Board of Directors or by the sole member with or without cause. The same person may hold more than one office at the same time. The officers need not be directors of this corporation.

Section 4.2. Duties of Officers. The duties of the officers of this corporation shall be:

Section 4.2.1. Chair. The Chair shall preside at all meetings of the Board of Directors and of the members, and shall oversee the operations of the corporation. He or she shall also perform such other duties as may be determined from time to time by the Board of Directors.

Section 4.2.2. Vice-Chair. The Vice-Chair shall be vested with all powers of and perform all the duties of the Chair in the Chair's absence or inability to act, but only so long as such absence or inability continues. The Vice-Chair shall perform such duties as may be determined from time to time by the Board of Directors.

Section 4.2.3. Executive Director. The Executive Director shall be the chief executive and operating officer in charge of all normal daily operations of this corporation. He or she shall be responsible for the general supervision, direction and management of the affairs of this corporation including the budget and fiscal procedures. He or she may execute on behalf of this corporation all contracts, deeds, conveyances and other instruments in writing which may be required or authorized by the Board of Directors for the proper and necessary transaction of the business of this corporation. He or she shall concern himself or herself with matters of long range policy, direction, and growth, and shall perform such other duties as the Board of Directors may designate from time to time..

Section 4.2.4. Treasurer. The Treasurer shall keep or cause to be kept full and accurate records showing all receipts and disbursements of this corporation and shall deposit or cause to be deposited all monies and their valuable effects of this corporation in its name and to its credit in such depository or depositories as may be designated by the Executive Director from time to time. The disbursement of all funds of this corporation shall be submitted to and approved by the Executive Director or by the Treasurer and proper vouchers or receipts for all such disbursements or payments shall be taken from the recipient thereof. Unaudited annual financial statements shall be provided to the Board of Directors within 120 days after the close of the fiscal year and at such other intervals as may be requested by them showing the financial condition of this corporation. The Audit Committee of the sole member will determine the auditor and whether an independent audit of the annual financial statements will be conducted. The Treasurer shall perform such other duties as may be assigned to him or her from time to time by the Board of Directors or the Executive Director.

Section 4.3. Salaries of Officers. Officers of the corporation shall not be compensated by the corporation for their service as officers.

ARTICLE V
STANDARD OF CARE AND CONFLICTS OF INTEREST

Section 5.1. Standard of Care. It is the responsibility of each director of this corporation to discharge his or her duties as a director in good faith, in a manner the director reasonably

believes to be in the best interests of this corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

Section 5.2. Conflicts of Interest. The Minneapolis Public Housing Authority Conflict Policy shall apply equally to this corporation.

ARTICLE VI
INDEMNIFICATION

To the full extent permitted by the Minnesota Nonprofit Corporation Act, as amended from time to time, or by other applicable provisions of law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever and by whomsoever brought (including any such proceeding, by or in the right of the corporation), whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a member, director or officer of the corporation, or he or she is or was serving at the specific request of the Board of Directors of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the corporation upon the affirmative vote of a majority of the directors present at a duly held meeting of the Board of Directors for which notice stating such purpose has been given against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided, however, that the indemnification with respect to a person who is or was serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall apply only to the extent such person is not indemnified by such other corporation, partnership, joint venture, trust or other enterprise. The indemnification provided by this Article shall inure to the benefit of the heirs, executors and administrators of such person and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this provision of the Bylaws.

ARTICLE VII
AMENDMENT OF BYLAWS

The Board of Directors may from time to time adopt, amend or repeal any of the Bylaws of this corporation. Written notice of the meeting and of the proposed amendment shall be given to each director not fewer than five (5) days before any meeting of the Board of Directors at which an amendment of the Bylaws is to be adopted.

ACKNOWLEDGMENT

The undersigned officer of this corporation, does hereby certify that the foregoing Bylaws were adopted as the complete Bylaws of this corporation by the Board of Directors to be effective _____, 2020.

_____
Executive Director

OPERATING AGREEMENT
OF
ELLIOTS MGMT. LLC

This Operating Agreement ("**Agreement**") of Elliots Mgmt. LLC (the "**Company**"), effective as of _____, 2020 (the "**Effective Date**"), is entered into by MPHA Hold. Co., a Minnesota nonprofit corporation and the sole member of the Company (the "**Member**") pursuant to Sections 322C.0110 through 322C.0112 of the Minnesota Revised Uniform Limited Liability Company Act, codified at Minn. Stat. § 322C.0101 et seq., as amended (the "**Act**").

RECITALS

WHEREAS, the Organizer formed the Company on behalf of the Member pursuant to Section 322C.0201 of the Act, as amended, by filing Articles of Organization (the "**Articles**") of the Company with the Secretary of State of the State of Minnesota on _____, 2020;

WHEREAS, Member desires the Company serve as the general partner to Elliots LP, a Minnesota limited partnership ("**Partnership**") and cause the Partnership to lease land, purchase improvements and revitalize, own, maintain and operate a multi-family residential property consisting of 184 dwelling units for rental to low-income eligible households known as Elliot Towers pursuant to the U.S. Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration Program (RAD) and Section 8 programs and the low-income housing tax credit program under Section 42 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and to be located at 1212 S 9th St. and 1225 S 8th St. in Minneapolis, MN (the "**Project**");

WHEREAS, to that end the Company, as general partner, executed a Certificate of Limited Partnership (the "**Certificate**") for the formation of the Partnership pursuant to the terms of the Minnesota Uniform Limited Partnership Act 2001, codified at Minn. Stat. § 321.010 et seq., which Certificate was subsequently filed with the Secretary of State of the State of Minnesota on _____, 2020; and

WHEREAS, Member desires to enter into this Agreement to confirm its agreements and arrangements with respect to the Company, its business, and operations.

AGREEMENT

NOW, THEREFORE, Member, in consideration of the foregoing premises, the mutual promises hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees as follows:

ARTICLE I
NAME; PURPOSE; TERM

1.1. Formation; Name; Governed by Act. The Company was formed by filing the Articles with the Secretary of State for the State of Minnesota in accordance with the Act on _____, 2020. The name of the Company shall be Elliots Mgmt. LLC. All business and affairs

of the Company shall be conducted under the Company's name or as otherwise agreed to by the Members. The Company shall be governed by the Act and the terms and provisions of this Agreement and the Company's Articles.

1.2. Place of Principal Office. The principal office of the Company in the State of Minnesota shall be located at 1001 Washington Avenue North, Minneapolis, MN 55401. The Member may change the location of such principal office and may establish such additional offices as it shall deem advisable.

1.3. Registered Office and Registered Agent. The location of the registered office and the name of the registered agent (if any) of the Company in the State of Minnesota are stated in the Company's Articles, as amended. The registered office and registered agent of the Company in the State of Minnesota may be changed, from time to time, by the Member.

1.4. Purpose. The purpose of the Company is to (i) act as the general partner of the Partnership and in such capacity to cause the Company to perform all acts and things required of the general partner of the Partnership under the Limited Partnership Agreement of the Partnership ("**Partnership Agreement**"), (ii) do all things necessary, convenient or incidental to the achievement of the foregoing, and (iii) engage in any other business or activity approved by the Member.

1.5. Powers. In furtherance of its purposes, but subject to all of the provisions of this Agreement, the Company will have all of the powers specifically granted by the Act and all other powers necessary or convenient to its business and purposes.

ARTICLE 2. Term**. The Term of the Company commenced on the date of the filing of the Articles and shall be perpetual unless terminated pursuant to the Act or the terms of this Agreement.**

MEMBERS

2.1. Initial and Sole Member. The Member owns one hundred percent (100%) of the membership interests ("**Interests**") in the Company. For purposes of this Agreement the Member's Interests includes all of the Member's rights and interests in the Company in the Member's capacity as a member of the Company, all as provided in the Articles, this Agreement and the Act, including the Member's interest in the capital, income, gain, deductions, losses, and credits of the Company. Unless otherwise expressly separated, the Member's Interests includes one hundred percent (100%) of the transferable interests under the Act.

2.2. Initial Contribution; Additional Contributions. The Member's initial capital contribution is founding expenses and other good and valuable consideration. The Member is not required to make any additional capital contributions to the Company. However, the Member may make additional capital contributions to the Company, provided that such contributions are recorded in writing deposited in the Company's books and records.

2.3. Member Loans to the Company. In order to meet the financial needs of the Company, the Company may borrow, from time to time, such amounts as the Member is willing to lend and the Company may require. Such amounts will be repaid by the Company on demand and

bear interest at a rate per annum to be agreed upon by the Member and the Company. The Member and the Company's officers are authorized, empowered and directed to execute and deliver to the Member promissory notes containing terms consistent with this Agreement and to perform, execute and deliver such other documents or acts as the Member or officers of the Company determine appropriate in the exercise of their discretion.

2.4. Additional Members. The Member shall be the sole member of the Company and no other members shall be admitted to the Company.

2.5. Membership Interests; Certificates. The Company will not issue any certificates to evidence ownership of the membership interests.

2.6. Declaration of Distributions. The Member shall have the authority to declare distributions upon the Interests of the Company owned by the Member, to the extent permitted by law and subject to the provisions of this Agreement and any amendment hereto.

2.7. No Personal Liability. Except as otherwise provided by applicable law or as expressly set forth in this Agreement, the debts, obligations, or other liabilities of the Company, whether arising in contract, tort or otherwise (a) are solely the debts, obligations or other liabilities of the Company, and (b) do not become the debts, obligations or other liabilities of the Member or any officer solely by reason of the Member acting as a member or any officer acting as an officer; provided that any repeal of this provision as a matter of law or any modification of this subpart shall be prospective only, and shall not adversely affect any limitation on the personal liability of the Member or any officer existing at the time of such repeal or modification.

2.8. Qualification as a Member. The Member agrees to use commercially reasonable efforts to comply with all HUD rules and regulations, as such rules and regulations relate to individuals or entities that own interests either directly or indirectly in persons that own projects that are subject to such rules and regulations. In the event that the Member (or the association of the Member with any owner, partner, member, stockholder, director, officer or employee of such Member) jeopardizes the ability of the Company to continue to operate its business in compliance with HUD rules and regulations, or in the event the Member shall, at any time, receive notice from HUD that the Member (or any owner, partner, member, stockholder, director, officer or employee of the Member) does not satisfy HUD's rules and regulations, then such Member shall immediately notify the Company. If such Member is unable to, or fails to, promptly remedy the situation and the officers receiving such notice in good faith determines that the Company's ability to continue to own the general partnership interest in the Partnership and permit the Partnership to operate its property is reasonably likely to be compromised as a result of such situation, the Company shall have the absolute right and option to redeem the Interests of such Member at its book value determined by the accountants then serving the Company, subject to any required approvals from the investor or limited partners of the Partnership or HUD.

ARTICLE 3.
MANAGEMENT

3.1. Governing Power. The Company shall be "member-managed." The management and conduct of the Company shall be vested in the Member. In accordance with the Section 322C.0407, Subd. 2 of the Revised Act, the Member will have the authority to bind the Company and will have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Minnesota. The Member shall devote itself to the business and purposes of the Company to the extent necessary for the prudent and efficient carrying on thereof in accordance with the Project Documents. In performing its services and obligations under this Agreement, the Member shall use the same level of skill and care that it employs in the performance of services and operation of businesses as it does for its own account. For purposes of this Agreement, "**Project Documents**" shall mean this Agreement, Partnership Agreement and all other documents executed to effectuate the conveyance financing and operation of the Project.

3.2. Action by Member.

(a) The Member shall take action by the affirmative vote of the Interests owned by the Member.

(b) Any action required or permitted to be taken at a meeting of the Member may be taken without such meeting by written action signed by the Member. The written action is effective when signed by the Member, unless a different effective time is provided in the written action.

3.3. Appointment of Officers. The officers of the Company shall be a Chair, a Vice-Chair, an Executive Director, a Chief Financial Officer and such other officers as the Board of Directors may, from time to time, appoint. The Chair, Vice-Chair, Executive Director and Chief Financial Officer of the Minneapolis Public Housing Authority shall serve, ex officio, as the officers of the Company and shall have the same duties and responsibilities for the Company as they have for the Minneapolis Public Housing Authority as well as any additional duties and responsibilities as may be assigned by the Member from time to time. Any number of offices may be held simultaneously by the same person.

3.4. Removal and Vacancies. Any officer or agent elected or appointed by the Member shall hold office at the pleasure of the Member and may be removed, with or without cause, at any time by action of the Member

3.5. Delegation. Unless prohibited by the Member, an officer may delegate in writing some or all of the duties and powers of such person's management position to other natural persons.

3.6. Limitation on Powers. Notwithstanding any other provision of this Article 3, the Member must approve by affirmative act any of the following actions prior to such action being taken by any officer to:

a. incur, create, or authorize the creation of, or issue, or authorize the issuance of any debt security or indebtedness for borrowed money, other than trade credit and accounts payable incurred or created in the ordinary course of the Company's business;

b. acquire capital stock or other equity interest in, or acquire all or substantially all of the assets of, another entity;

c. enter into any contract or arrangement with any third party that provides for payments to or by the Company in an aggregate amount in excess of that which is permitted by the current policy of the Member in any calendar year;

d. effect any sale, lease, assignment, or transfer or other conveyance of all or substantially all of the Company's assets;

e. cancel any promissory notes issued, or forgive any other consideration granted, to the Company as consideration for securities of the Company;

f. approve loans or advances to employees of the Company, excluding ordinary and reasonable business and travel related advances;

g. approve any guarantees except in the ordinary course of business; or, any mortgage, pledge, or otherwise create a security interest in any of the assets of the Company;

h. open and maintain bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements; or

i. select, remove, and change the authority and responsibility of lawyers, accountants, and other advisers and consultants.

3.7. Other Business of Members. The Member and its respective affiliates may engage or hold interests in other business ventures of every kind and description for their own account. The Company will not have any rights by virtue of this Agreement in such other business ventures or to the income or profits derived there from.

ARTICLE 4.
Indemnification

4.1. Limitation of Liability. No person or entity will be liable to the Company or the Member for any loss, damage, liability, or expense on account of any action taken or omitted to be taken by the same as an officer, other than for (a) breach of the duty of loyalty; (b) a financial benefit received by the officer to which the officer is not entitled; (c) a breach of a duty under Section 322C.0406 of the Act; (d) intentional infliction of harm on the Company or the Member; or (e) an intentional violation of criminal law. This Section 4.1 shall be construed to limit the liability of officers of the Company to the greatest extent permitted by Minnesota law. If Minnesota law is hereafter amended or interpreted by a Minnesota Appellate Court to authorize the further elimination or limitation of the liability of the Member or officers, then, without requiring any action by the

Member, the liability of Member and officers of the Company shall be further limited to the fullest extent permitted by the amended Minnesota law. Any repeal of this provision as a matter of law or any modification of this Section by the Member shall be prospective only, and shall not adversely affect any limitation on the personal liability of the Member or officer of the Company existing at the time of such repeal or modification.

4.2. Entitlement to Indemnity.

(a) The Company shall indemnify and advance expenses to the Member, officers and other persons acting in their "official capacity" (as defined in Section 322C.0408 of the Act) with respect to "proceedings" (as defined in Section 322C.0408 of the Act) (each such person, a "**Covered Person**") to the fullest extent permitted or required by Section 322C.0408 of the Act.

(b) This indemnification does not include claims made for pre-existing environmental conditions, but may include claims made related to Member's actions or inactions to remedy such conditions.

(c) This indemnification shall include claims by third parties for consequential damages. This indemnification shall also include any and all claims based on the death of or the injury to persons, destruction of property or consequential damages incurred by third parties to the extent caused by: (i) any negligent acts or omissions of the Member, its officers, partners, members, representatives, employees, subcontractors, agents, affiliates, and/or servants at the Project; (ii) the performance of any work (or conduct related to the performance of work) directly by Member or under any contract entered into by Member for testing, demolition, construction, or similar activities, or under any subcontract or sub subcontract implementing such work, regardless of whether the claim is based on the negligence of Member; (iii) the failure of Member, its officers, partners, members, representatives, employees, subcontractors, agents, affiliates, and/or servants to comply in any respect with the provisions and requirements of all applicable permits, licenses, laws, statutes, regulations, ordinances, codes, orders and all other legal requirements of federal, state, regional, county and local government authorities and agencies having jurisdiction over the Project or relevant activities of the Member, its officers, partners, members, representatives, employees, subcontractors, agents, affiliates and/or servants; or (iv) any release or emission of hazardous materials by Member, its officers, partners, members, representatives, employees, subcontractors, agents, affiliates, and/or servants at the Project.

4.3. Limitation on Indemnity. The indemnity provided in Section 4.2 shall not cover any claims: (a) initiated by the Minneapolis Public Housing Authority ("**MPHA**") or against its officers, employees, agents or servants of either, (b) to the extent caused by MPHA's sole and gross negligence or intentional wrongful acts or omissions, (c) arising from any pending or threatened litigation against MPHA or as of the date of this Agreement, (d) arising exclusively from allegations that terms of this Agreement or actions of MPHA consistent with the Agreement violate the law, or (e) arising from allegations that actions taken by Member, or its affiliate violate the law, but only if such actions are not violations of the Agreement, not the result of negligent acts or omissions of the Member or its affiliate or in default of obligations under the Agreement. Should any such claim include allegations described

in both Section 4.1(a) and Section 4.3(d) and 4.3(e), the cost of complying with the indemnity obligations shall be allocated proportionally unless or until a court, an arbitrator or other fact-finder apportions the claim otherwise.

4.4. Funding of Indemnification Obligation. Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Article 4 shall be provided out of and to the extent of Company assets only, and the Member shall not have personal liability on account thereof or shall be required to make additional capital contributions to help satisfy such indemnity by the Company.

4.5. Savings Clause. If this Article 4 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Article 4 to the fullest extent permitted by law.

4.6. Insurance. The Company may purchase and maintain insurance on behalf of any Covered Person against any liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the person against the liability.

4.7. Survival. The provisions of this Article 4 shall survive the dissolution, liquidation, winding up and termination of the Company

ARTICLE 5.
REQUIRED RECORDS; FISCAL YEAR; BANK ACCOUNTS; SEAL

5.1. Books and Information. The books and records of the Company shall be maintained at the principal executive office of the Company, or at such other place within the United States as may be determined by the Member. Such books and records shall be maintained and made available as required in connection with the Act, as may be revised from time-to-time.

5.2. Tax and Fiscal Year. The Company's taxable and fiscal year shall be a calendar year, unless another period is approved by the Member and such change in fiscal year is permitted under the Code.

5.3. Bank Accounts. Other than as required by HUD or the regulatory authority having jurisdiction, all funds of the Company currently needed for the Company's operations (other than petty cash) shall be deposited in its name in an account or accounts maintained with such federally insured banking or other financial institutions as the Member may approve. Funds of the Company shall not be commingled with funds of any other person. Checks shall be drawn upon the Company's account or accounts only for the purposes of the Company and shall be signed by the Member and/or by such other persons as may be approved or permitted by the Member.

5.4. Seal. The Company shall have no seal.

ARTICLE 6.
TRANSERS

6.1. Transfers. Subject to Section 6.2, the Member may transfer in whole or in part the Member's Interests in the Company; provided that such transfer shall be made in writing and be delivered to the Company promptly upon the effectiveness of such transfer. If the Member transfers any part of its Interest in the Company pursuant to this Article 6, the transferee will be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Any such transferee acknowledges that this Agreement, unless amended to accommodate multiple members, contemplates only one member and the Member shall have automatically become the sole manager in a manager managed limited liability company (as defined in the Act) for all purposes until such time as all the members enter into a new operating agreement. If a member transfers all of its interests in the Company pursuant to this Section, such admission will be deemed effective immediately prior to the transfer, and, immediately following such admission, the transferor member will cease to be a member of the Company.

6.2. Restrictions.

(a) **Approval Requirements**. The Member shall not, sell, assign, transfer, hypothecate, pledge, encumber, delegate, or otherwise dispose of all or any portion of its Membership Interest or its rights under this Agreement without first obtaining (i) HUD's participation or approval, if required; and (ii) any other approvals required under the Project Documents. Any attempted sale, assignment, transfer, hypothecation, pledge, encumbrance, delegation or disposition without such consent and approvals shall be void.

(b) **Seller Related Entities**. Notwithstanding anything to the contrary herein, for so long as the Company has a direct or indirect ownership interest in the Partnership, no assignment or transfer of all or any portion of a Member's Interests in the Company or the Company's interest in the Partnership shall occur that would result in MPHA or any "related person" to any of the foregoing within the meaning of Section 42(d)(2)(D)(iii) of the Code (each, a "**Seller Related Entity**" and collectively, the "**Seller Related Entities**"), having, either individually or collectively, more than a forty-nine percent (49.00%) interest in the capital or profits of the Partnership within the meaning of Sections 179(d), 267(b) and/or 707(b) of the Code and the Treasury Regulations promulgated thereunder. The Member acknowledges and agrees that any provision of this Agreement that conflicts with the foregoing shall be reformed to comply with this Section 6.2.

ARTICLE 7.
DISSOLUTION AND LIQUDIATION

7.1. Dissolution. Notwithstanding Section 322C.0701, the Company will be dissolved upon the first to occur of the following events: (a) upon the approval of the Member; or (b) upon the entry of a decree of judicial supervision permitted under Section 322C.0701 of the Revised Act. To the full extent permitted by applicable law, the forgoing events which cause dissolution of the Company shall be the exclusive events which cause the dissolution of the Company.

7.2. Windup and Liquidation. In the event of dissolution, the Company will be wound up and terminated in accordance with Section 322C.0702 of the Act. Upon the occurrence of an event of dissolution, the Member will be entitled to receive the remaining funds of the Company after paying or making reasonable provision for all of the Company's creditors and other payments required by Section 322C.0702 of the Act.

ARTICLE 8.
MISCELLANEOUS

8.1. Sole Operating Agreement. The Member intends that this Agreement govern all aspects of the Company's business, activities and affairs. Notwithstanding Section 322C.0102, Subd. 17 of the Act, the Member acknowledges and agrees that this Agreement, as may be amended pursuant to this Agreement, together with any schedules or exhibits, shall be the Company's sole operating agreement for purposes of the Act, and at no time shall any operating agreement be created by oral or implied means. The Member intends that, during the entire term of this Agreement, the provisions of this Agreement shall supersede any provisions of the Act, as they now exist or as may be subsequently amended or restated, that are inconsistent or conflict with the provisions of this Agreement to the maximum extent permitted by law in respect of the forgoing.

8.2. Entire Agreement. This Agreement constitutes the entire agreement of the member(s) with respect to the subject matter hereof and supersedes all prior agreements with respect to each member's Interest in the Company. The heirs, executors, administrators, legal or personal representatives, successors and/or assigns of each member shall be bound by this Agreement and shall be obligated to take any further action necessary or proper to fulfillment hereof.

8.3. Amendments. This Agreement may only be amended in writing in the manner provided by law when approved by the Member. No oral agreement will be effective to amend this Agreement or supplement the terms hereof.

8.4. Construction. In the event of any conflict or inconsistency between this Agreement, as amended, and the terms of any applicable member control agreement, whenever adopted, the terms of such member control agreement shall control.

8.5. Notices. Any notice to be given or to be served by the Member upon the Company in connection with this Agreement must be in writing and will be deemed to have been given when delivered personally or mailed to the Company at its registered office or its principal executive office. Notice to the Member will be deemed to have been given when (a) delivered personally to the Member or (b) deposited in the United States mail, postage prepaid and addressed to the Member's address on file with the Company's records, which may be amended from time to time.

8.6. Governing Law. This Agreement will be governed by, and construed under, the laws of the State of Minnesota (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

8.7. Severability of Provisions. Each provision of this Agreement will be considered severable and if for any reason any provision or provisions herein are determined to be invalid,

unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality will not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

8.8. No Third Party Beneficiary. This Agreement is made solely and specifically between and for the benefit of the Member and its respective legal representatives, successors and permitted transferees, and no other person whatsoever shall have any rights, interests, or claims hereunder or be entitled to any benefit under or on account of this Agreement as a third party beneficiary or otherwise.

8.9. Binding Provisions. The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the legal representatives, successors and permitted transferees of the respective parties hereto.

8.10. Waiver. No provision or condition of this Agreement shall be waived by any act, omission, course of dealing or knowledge of a party except by an instrument in writing expressly waiving such provision or condition and signed by the waiving party.

8.11. Securities Disclosure. THE INTERESTS REFERRED TO IN THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933 OR ANY OTHER SECURITIES LAWS, STATE OR FEDERAL, AND SUCH INTERESTS MAY NOT BE TRANSFERRED WITHOUT APPROPRIATE REGISTRATION OR THE AVAILABILITY OF AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS.

IN WITNESS WHEREOF, the sole Member has caused this Agreement to be executed as of the date first written above.

MEMBER:

MPHA Hold. Co.

By:_____

Its:_____

LIMITED PARTNERSHIP AGREEMENT
OF
ELLIOTS LP

This Partnership Agreement ("Agreement") is made _____, 2020 by and between Elliots Mgmt. LLC, a Minnesota limited liability company, as the general partner ("General Partner"), and the persons listed as limited partners on Exhibit A attached hereto and incorporated herein (together with any subsequently admitted limited partner(s) referred to as the "Limited Partners"). The General Partner and Limited Partners are sometimes collectively referred to as the "Partners" and individually as a "Partner."

RECITALS

WHEREAS, the Partners desire to form this Partnership under the Act for the purpose of pursuing the business activities stated herein; and

WHEREAS, the Partners desire to enter into this Agreement to confirm its agreements and arrangements with respect to the Partnership, its business, and operations.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants, conditions and agreements herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Partners agree as follows:

ARTICLE I
DEFINITIONS

For this Agreement, the following words shall have the following meanings:

1.1 "**Act**" means the Uniform Limited Partnership Act 2001, codified at Minnesota Statutes Chapter 321.

1.2 "**Agreement**" means this Limited Partnership Agreement as amended from time to time, including any Schedules or Exhibits attached to it.

1.3 "**Available Cash**" means, at the time of determination: Partnership cash, demand deposits, and short-term marketable securities, reduced by such amounts as a majority of the Partners shall deem reasonable to provide for any anticipated or contingent expenditures or liabilities of the Partnership, including, without limitation, reserves for replacements and capital improvements.

1.4 "**Capital Account**" means the capital account established for each Partner under Article III, as adjusted from time to time.

1.5 "**Capital Contribution**" means the capital required to be contributed by the Partners under this Agreement, excluding interest and late fees on overdue amounts, but only to the extent such amount have been contributed by or for a Partner.

1.6 "**Code**" means the Internal Revenue Code of 1986, as amended. Any reference in this Agreement to specific sections of the Code or the Treasury Regulations promulgated in the Code shall be deemed to include a reference to any corresponding provisions of future laws and regulations.

1.7 "**Distribution**" means any transfer of money or property to or for a Partner as a repayment of a Capital Contribution or in fulfillment of a Partner's distributive share under this Agreement.

1.8 "**General Partner**" means any person or persons named as a General Partner in Exhibit A of this Agreement, and any substituted or additional General Partner admitted to the Partnership under this Agreement.

1.9 "**Limited Partner**" means any person or persons named as a Limited Partner in Exhibit A of this Agreement, and any substituted or additional Limited Partner admitted to the Partnership under this Agreement.

1.10 "**Net Income**" and "**Net Losses**" shall mean the income or losses of the Partnership from the ownership and operation and management of the Partnership as reported for federal income tax purposes.

1.11 "**Partner**" means a party to this Agreement and any additional or substitute General Partner or Limited Partners permitted by this Agreement.

1.12 "**Percentage Interest**" means, regarding a Partner, such Partner's percentage for sharing and operating profit and loss, as the same may be modified from time to time.

1.13 "**Transfer**" means any action or event, whether voluntary or involuntary, which causes or results in any conveyance, disposition, ownership change or transfer of such interest or property.

1.14 **"Treasury Regulations"** mean the proposed, final or temporary regulations promulgated from time to time by the United States Treasury Department under the Code.

ARTICLE II
FORMATION, NAME AND BUSINESS

2.1 **Name**. The parties hereby form a limited partnership under the Act with the name Elliots LP ("Partnership").

2.2 **Purpose**. The Partnership may engage in any business that the Partners may from time to time agree upon, including lease land, purchase improvements and revitalize, own, maintain and operate a multi-family residential property consisting of _____ dwelling

units for rental to low-income eligible households known as Elliot Towers pursuant to the U.S. Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration Program (RAD) and Section 8 programs and the low-income housing tax credit program under Section 42 of the Code, and to be located at 1212 S 9th St. and 1225 S 8th St. in Minneapolis, MN (the "Project").

2.3 **Place of Business**. The registered office of the Partnership is at 1001 Washington Avenue North, Minneapolis, MN 55401, or may be at such other location as the General Partner may determine from time to time.

2.4 **Term**. The Partnership shall commence as a limited partnership upon the filing of its Certificate of Limited Partnership with the Secretary of State for the State of Minnesota and shall continue until terminated under this Agreement, by applicable state law, by completion of the purpose intended, or by the death, withdrawal, resignation, retirement or disability of all of the Partners.

2.5 **Powers of the Partnership**. The Partnership is empowered and authorized to do any and all acts necessary or convenient for the furtherance and accomplishment of the purpose of the Partnership.

2.6 **Certificate of Limited Partnership**. The General Partner shall file a Certificate of Limited Partnership ("Certificate") of the Partnership with the Secretary of State of Minnesota as required by the Act, and shall cause to be filed such other certificates or documents, or amendments to such certificates or documents, as determined by the General Partner to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership in Minnesota or any other jurisdiction in which the Partnership may elect to conduct business. The Certificate shall state that the Partnership is not a limited liability limited partnership.

ARTICLE III
CAPITAL CONTRIBUTIONS AND ACCOUNTS

3.1 **Original Capital Contributions and Percentage Interest**. The Partners are contributing the amount next to each Partner's name to the Partnership as their original Capital Contribution as set forth in Exhibit A. The Partners' initial Percentage Interest is also set forth on Exhibit A.

3.2 **Additional Capital Contribution**. If during the existence of the Partnership it shall become necessary to increase the capital with which the Partnership is doing business, then upon a majority vote of the Partners, the Partners shall contribute according to each Partner's Percentage Interest in proportion to the total amount of all of the Partners' Percentage Interests. The Partners will make all such contributions within 60-days' notice of the amount required to be contributed.

(a) Limited Partners are not liable for the debts or obligations of the Partnership or required to contribute any capital or lend any funds to the Partnership, except as expressly provided in this Agreement.

(b) The General Partner is not obligated to contribute cash or other assets to the Partnership to make up deficits in Capital Accounts of Limited Partners either during the term of the Partnership or upon liquidations.

3.3 **Interest**. No interest shall be paid on the initial Capital Contributions to the Partnership or on any subsequent additional Capital Contributions.

3.4 **Return of Capital Contribution**. No Partner shall have the right to demand the return of his, her or its Capital Contribution except as provided herein.

3.5 **Capital Accounts**. An individual capital account shall be maintained for each Partner in accordance with Treasury Regulation Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulation. The capital interest of each Partner is comprised of the Partner's original Capital Contribution, increased by (a) additional capital contributions made by the Partner, and (b) the fair market value of property contributed by the Partner to the Partnership, and (c) allocations to the Partner under Section 4.1 of realized Partnership income and gain, and decreased by (x) distributions in reduction of Partnership capital, and (y) the fair market value of property distributed to the Partner by the Partnership, and (z) allocations to the Partner under Section 4.1 of realized Partnership loss. It is the intention of the Partners that the capital accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treasury Reg. § 1.704-1(b)(2)(iv). Where Section 704(c) of the Code applies to Partnership property, a Partner's Capital Account shall be adjusted in accordance with Treasury Regulation Section 1.704-1(b) as to allocations to the Partners of depreciation, depletion, amortization, and gain or loss, as computed regarding such property.

ARTICLE IV
ALLOCATION OF NET INCOME AND NET LOSSES AND DISTRIBUTIONS

4.1 **Allocation of Net Income and Net Losses**. Except as otherwise provided herein or as may be required by Section 704(c) of the Code, Net Income and Net Losses for each fiscal year of the Partnership shall be credited or charged to the Partners in proportion to their Percentage Interests.

(a) Net Losses allocated to any Limited Partner under Section 4.1 shall not exceed the maximum amount of such losses that can be so allocated without causing the Limited Partner to have a deficit balance in such Limited Partner's Capital Account at the end of any fiscal year. If some, but not all, Limited Partners would have a deficit balance in their Capital Accounts because of an allocation of Net Losses, the limitation in this Section 4.1(a) shall be applied individually as to each Limited Partner until all Limited Partners have a Capital Account balance of zero. Net Losses over the amount which may be allocated to the Limited Partners under this Section 4.1(a) shall be allocated to the General Partner.

(b) If Net Losses have been subject to the special allocations in Section 4.1(a), notwithstanding Section 4.1, subsequent allocations of any Net Income shall first

be allocated among the Partners to offset in reverse order any such special allocations of Net Losses.

(c) The allocation provisions herein are intended to comply with applicable provisions of Section 704 of the Code and the Treasury Regulations promulgated thereunder (in particular, with the requirements for satisfaction of the "alternate test for economic effect' that are set forth in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)), and shall be interpreted and applied in a manner consistent with such statutory and regulatory provisions.

(d) If any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), which adjustment, allocation or distribution would cause the Partner to have an adjusted capital account deficit, items of Partnership income and gain (including gross income) shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate the adjusted capital account deficit of such Partner as quickly as possible. The allocation contained in this Section is intended to be a “qualified income offset” within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(d), and shall be interpreted consistently therewith.

4.2 **Distribution of Available Cash**. Available Cash shall be distributed to the Partners in proportion to their respective Percentage Interests as of Distribution, at such times as the Partners determine in their discretion.

4.3 **Distribution of Net Proceeds of Capital Transactions**.

(a) Any net proceeds shall be distributed as follows and in the following order of priority:

(i) To the creditors of the Partnership in payment of the unpaid liabilities of the Partnership to the extent required under agreements with such creditors;

(ii) To the setting up of any reserves which a majority in interest of the Partners may deem reasonably necessary for any anticipated, contingent or unforeseen liabilities or obligations of the Partnership arising out of, or in connection with, the conduct of the Partnership’s business;

(iii) To the Partners as a return of their net Capital Contributions not yet returned;

(iv) To the Partners in proportion to their respective Percentage Interests.

(b) If the Partnership realizes gains or losses for federal income tax purposes for transactions or events contemplated by this Article IV, such gains or losses shall be allocated as set forth in Section 4.3(a)(iv).

ARTICLE V
TRANSFER OF PARTNERSHIP INTEREST

5.1 **Restriction on Transfer**. Except as is otherwise expressly provided, no Partner may voluntarily or involuntarily sell, transfer, mortgage, assign or otherwise encumber his, her, or its interest in the Partnership without the written consent of a majority interest of the remaining Partners, nor shall any Partner cause or allow his, her, or its interest in the Partnership or its property to be subject to a security interest or other lien, pledged, attached or otherwise encumbered.

5.2 **Right to Admit Partners**. There shall be no right to admit additional Partners, except by the written consent of a majority interest of the Partners.

5.3 **Seller Related Entities**. Notwithstanding anything to the contrary herein, no assignment or transfer of all or any portion of a Partner's interests in the Partnership shall occur that would result in the Minneapolis Public Housing Authority or any "related person" to any of the foregoing within the meaning of Section 42(d)(2)(D)(iii) of the Code (each, a "Seller Related Entity" and collectively, the "Seller Related Entities"), having, either individually or collectively, more than a forty-nine percent (49.00%) interest in the capital or profits of the Partnership within the meaning of Sections 179(d), 267(b) and/or 707(b) of the Code and the Treasury Regulations promulgated thereunder. The Partners acknowledge and agree that any provision of this Agreement that conflicts with the foregoing shall be reformed to comply with this Section 5.3.

ARTICLE VI
MANAGEMENT BY GENERAL PARTNER

6.1 **Management, Duties, and Restrictions**. The General Partner shall have the full power, right and authority to manage the Partnership business in all matters and shall have the sole and exclusive power for the Partnership to conduct and control the conduct of the Partnership business, including, but not limited to, those activities set forth in Section 1.5. The following agreements, duties and restrictions apply to the management and operation of the Partnership:

(a) The General Partner shall not receive any salary or other compensation for services rendered to the Partnership as a Partner or otherwise, except as otherwise agreed upon by the Partners.

(b) The General Partner shall diligently employ itself in the business of the Partnership, shall be faithful to all Partners in all transactions relating to the Partnership, and shall give, whenever required, a true account of all business transactions arising out of or connected with the conduct of the Partnership. The General Partner shall pay and satisfy its own debts.

6.2 **Other Business Activities and Competition**. Any Partner may engage in or possess an interest in other business ventures of every nature and description, independently or with others, and neither the Partnership nor the other Partners shall have (or have the right to

acquire) by virtue of this Agreement any interest in such independent venture or in the income or profits derived therefrom.

6.3 **Transactions with Partner**. No sale of an interest in Partnership property shall be made to any Partner, individually, or to any entity controlling, controlled by, or in direct or indirect common control with a Partner, or to any entity or business venture in which any Partner has a financial or other interest, other than at its fair market value. Neither a Partner nor any such entity of business venture shall be compensated for services rendered to the Partnership by them other than at the fair value; provided, however, this provision shall not be deemed to apply to any such transaction expressly provided for in the Agreement.

6.4 **Partnership Property**. All real and other property of the Partnership is and will be owned by the Partnership as an entity, and no Partner owns such property in the Partner's name alone, nor shall any Partner seek partition or sale of the property from a court or other authority having jurisdiction.

ARTICLE VII
RIGHTS AND DUTIES OF LIMITED PARTNERS

7.1 **Limitation of Liability**. Limited Partners shall have no liability to the Partnership regardless of any deficit that may exist in the Capital Account of any Partner, and no Limited Partner shall have any liability or obligation for any debts, liabilities or obligations of the Partnership.

7.2 **Management of Business**. No Limited Partner shall participate in the operation, management or control of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership.

7.3 **Return of Capital**. A Limited Partner may rightfully disassociate from the Partnership and withdraw its interest in the Partnership in whole or in part prior to the dissolution and winding up of the Partnership upon written notice to the Partnership.

7.4 **Power of Attorney**. By the execution of this Agreement, each Limited Partner irrevocably appoints the General Partner, with full powers of substitution, as such Limited Partner's true and lawful attorney-in-fact with the power to execute, acknowledge, swear to and file any instruments necessary to qualify and to continue the Partnership as a limited partnership and any amendments thereto as may be required or permitted by law or this Agreement.

ARTICLE VIII
BANKING, BOOKS AND ACCOUNTING

8.1 **Banking**. All funds of the Partnership shall be deposited and kept in its name in such Partnership bank account or accounts as designated by the General Partner. The General Partner is authorized to sign all checks, withdrawal slips or other orders regarding such

accounts and to endorse all checks payable to the Partnership for deposit in such accounts.

8.2 **Partnership Books**. The Partnership shall maintain full and accurate books and records at its principal office and all Partners shall have the right to inspect and examine the same at reasonable times. The books shall be kept on an accrual basis and the fiscal year of the Partnership shall be the calendar year. If the records and books are kept at any place other than at the principal office of the Partnership, each Partner shall be immediately notified in writing. The books shall be closed and balanced at the end of each fiscal year at the expense of the Partnership by an independent certified public accountant designated by a majority of the Partners.

8.3 **Accounting**. The Partnership will furnish to each Partner, within ninety (90) days after the close of each fiscal year, copies of the Partnership's annual financial statements, including a written balance sheet and statement of income or loss, which shall be prepared by an independent certified public accountant designated by a majority of the Partners. Such financial statements will also indicate the share of each Partner of the Net Income, Net Loss, depreciation and other relevant fiscal items of the Partnership for such fiscal year. Each Partner shall be entitled to receive, upon request, copies of all federal, state and local income tax returns and information returns that the Partnership must file.

8.4 **Partnership Representative**. The General Partner shall serve as the "Partnership Representative" pursuant to the Bipartisan Budget Act of 2015, Pub. L. No. 114-74, the Protecting Americans from Tax Hikes Act of 2015, P.L. 114-113, div. Q, the Consolidated Appropriations Act of 2018, P.L. 115-141, and the Treasury Regulations promulgated thereunder (collectively, the "Partnership Audit Rules"). The Partnership Representative shall timely designate the "designated individual" (the "Designated Individual") to serve as the sole individual through whom the Partnership Representative will act for purposes of the Partnership Audit Rules. The Partnership Representative shall not be removed or changed except with the consent of all the Partners. The Partnership Representative shall have the authority to perform any and all actions permitted by Section 6221 through 6241 of the Code in connection with any proceedings pertaining to federal income tax issues. The Partnership Representative shall make or cause to be made such accounting and tax elections with the consent of all the Partners. The Partnership Representative shall have the right to engage counsel to represent the Partnership in connection with any audit or other investigation, and the fees and expenses of such counsel and of any litigation arising out of or in connection with such audit or investigation shall be borne by the Partnership. The Partnership Representative and the Designated Individual, as applicable, shall be indemnified and held harmless by the Partnership for any act or omission performed or omitted by it in its capacity as the Partnership Representative or the Designated Individual, as applicable (except to the extent of its gross negligence or willful misconduct). All expenses incurred by the Partnership Representative in connection with any administrative proceeding before the Internal Revenue Service (the "IRS"), any state or local taxing authority or any other governmental authority and/or judicial review of such proceedings, including, without limitation, reasonable attorneys' fees, shall be deemed a Partnership expense. In the

event the Partnership Representative elects to file a petition for readjustment of any Partnership tax item (in accordance with Section 6226(a) of the Code), such petition shall be filed in any court having jurisdiction over any tax or other matter. In the event that the IRS, or any other governmental agency with jurisdiction, shall conduct, commence or give notification of intent to conduct or commence any audit or other investigation of the books, records, tax returns, documents or affairs of the Partnership, the Partnership Representative shall respond to such audit or other investigation for and on behalf of the Partnership and shall keep all other Partners informed with respect thereto. The Partnership Representative shall promptly send copies of all tax returns and substantive correspondence with any taxing authority to each Partners. In the event the General Partner is not the Partnership Representative, the General Partner shall cooperate fully with the Partnership Representative in the conduct of any audit or tax contest.

ARTICLE IX
DISSOLUTION OR TERMINATION OF PARTNERSHIP

9.1 **No Dissolution**. The Partnership shall not be dissolved by the Transfer of any Partnership interest, the admission of an additional or a substitute Partner, or the death, withdrawal, insolvency, bankruptcy or other disability of a Limited Partner. The Partnership shall not be dissolved by the dissociation of the General Partner under the Act, unless there is no General Partner then acting and no General Partner is admitted to replace the dissociated General Partner.

9.2 **Termination of Partnership**. The Partnership shall be terminated and its affairs shall be wound up upon the occurrence of:

(a) Final decree of a court ordering the termination under applicable law;

(b) Occurrence of any event which terminates the Partnership under the Act;

(c) Disposition by any means of substantially all of the assets of the Partnership; or

(d) Consent to dissolution of the Partnership by a majority vote of the Partners.

9.3 **Liquidation of Partnership**.

(a) Upon any dissolution or termination of the Partnership, the assets of the Partnership shall promptly be liquidated, but in an orderly and businesslike manner so as not to involve undue sacrifice, and the Partners shall cause to be prepared by the firm of certified public accountants then retained by the Partnership (or such other firm as designated by a majority of the interests held by the Partners) a statement setting forth the assets and liabilities of the Partnership as of dissolution, which statement shall be furnished to all of the Partners.

(b) Upon the dissolution or termination of the Partnership, the net proceeds from the liquidation of the assets of the Partnership and any gain or loss relating thereto shall be distributed and allocated:

(i) first, to discharge the debts and liabilities of the Partnership and the expenses of liquidation;

(ii) second, to pay each Partner or his, her or its legal representative any unpaid salary, interest, drawing account or profits to which such person is entitled, and to repay to each Partner such Partner's Capital Contributions over such Partner's original Capital Contribution; and

(iii) third, to divide any surplus among the Partners by first distributing to the individual Partners in proportion to such Partner's then-existing Capital Account, and then distributing any remaining surplus according to each Partner's Percentage Interest.

9.4 **Distributions in Kind**. Notwithstanding anything to the contrary, the Partners may distribute in kind, upon liquidation, any assets of the Partnership, provided that the assets distributed in kind shall be valued as of Distribution.

ARTICLE X
MISCELLANEOUS

10.1 **Governing Law, Jurisdiction, and Venue**. This Agreement shall be governed by, interpreted, and enforced under the laws of Minnesota, without giving effect to its conflict of laws provisions. Any litigation between the parties shall be conducted exclusively in the state and federal courts in Hennepin County, Minnesota, and any arbitration or similar proceeding shall be conducted exclusively at a location within such county and state. Each party consents to the jurisdiction and venue of the courts described above.

10.2 **Binding Effect; No Third-Party Beneficiaries**. Except as otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their personal representatives, heirs, successors, and assigns. No other person has any rights, interest, or claims hereunder or is entitled to any benefits under or on account of this Agreement as a third-party beneficiary or otherwise.

10.3 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

10.4 **Severability**. All provisions of this Agreement are fully severable. If any provision is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, then this Agreement will be construed and enforced as if such provision had never comprised a part of this Agreement and the remaining provisions of this Agreement will remain in full force and effect.

10.5 **Additional Documents and Acts**. Each Partner agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be

necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated.

10.6 **Notices**. Any notice, demand, or request required to be given to a Partner under this Agreement shall be given to the Partner's address on file with the Partnership's records by personal service, by overnight service from a nationally-recognized courier, or by United States mail, certified with return receipt requested and postage prepaid. Notices, demands or requests to the Partnership shall be sent to the Partnership's principal office as set forth in Section 2.3. A Partner may change its address for notice by delivering notice of the new address to the other parties as required above. Any notice, demand, or request shall be deemed received: (a) if sent by personal service, when such personal service is effected; (b) if sent by overnight service from a nationally-recognized courier, on the business day immediately following timely deposit with the courier; and (c) if sent by United States mail, three (3) business days following deposit in the mail.

10.7 **Gender, Number, Headings and Titles**. As used herein, unless the context clearly indicates the contrary, the singular number shall include the plural, the plural the singular, and using any gender shall apply to all genders. Article, section, and paragraph headings are included for descriptive purposes and the convenience of reference only and shall not control or alter the meaning of this Agreement.

10.8 **Partner Expectations**. All of the Partners agree this Agreement incorporates and includes all (and not less than all) of the expectations of the Partners regarding their interests in the Partnership.

10.9 **Modifications**. No modification of this Agreement shall be valid unless such modification is in writing and signed by the parties hereto.

10.10 **Waiver**. The failure of a party to enforce a right under this Agreement shall not be construed as a waiver of that right. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the person or party against whom the waiver is charged.

10.11 **Entire Agreement**. This Agreement contains the entire agreement among the parties and supersedes all prior understandings and agreements, whether oral or written.

10.12 **Waiver of Partition**. Except as expressly permitted hereunder, the Partners hereby waive any right of partition or any right to take any other action which otherwise might be available to them for the purpose of severing their relationship with the Partnership.

{Separate Signature Page Follows}

IN WITNESS WHEREOF, the undersigned have executed this Agreement, effective as of the date first above written.

GENERAL PARTNER:

Date: _____

Elliots Mgmt. LLC

By: _____
Its: _____

LIMITED PARTNER:

Date: _____

MPHA Hold. Co

By: _____
Its: _____

EXHIBIT A

PARTNER TABLE

Name and Address of Partner	Capital Contribution	Type of Partnership Interest	Percentage Interest
Elliots Mgmt. LLC 1001 Washington Avenue North Minneapolis, MN 55401	$1	General Partner	1%
MHPA Hold. Co. 1001 Washington Avenue North Minneapolis, MN 55401	$99	Limited Partner	99%
TOTAL			**100%**