

Agenda

Minnetonka Economic Development Authority

Monday, November 13, 2017

6:30 p.m.

Council Chambers

1. Call to Order
2. Roll Call: Acomb-Wiersum-Bergstedt-Wagner-Ellingson-Allendorf-Schneider
3. Approval of Agenda
4. Approval of Minutes: None
5. Business Items:
 - A. Resolution authorizing the issuance and sale of Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017, and approving the execution of documents

Recommendation: Adopt the resolution (4 votes)
6. Adjourn

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**Economic Development Authority Agenda Item #5A
Meeting of November 13, 2017**

Brief Description Resolution authorizing the issuance and sale of Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017, and approving the execution of documents

Recommendation Adopt the resolution

Background

In 2006, the Economic Development Authority and the City of Minnetonka established the Glenhaven TIF District to assist with the Glen Lake Station Housing Development and Redevelopment Project. The project, completed in three phases, includes The Exchange (Phase 1), St. Therese Senior Living (Phase 2), and recently completed Zvago Senior Cooperative (Phase 3).

In 2009, the city sought special legislation to extend the term of the original district to add an additional seven years, extending the district to terminate on December 31, 2029. There are currently three existing obligations in the district that include \$2,380,000 in TIF revenue bonds, a \$2,478,237 PAYGO TIF Note, and an Interfund Loan with a remaining balance of \$502,588.

Dougherty, the underwriter for the original TIF bonds, contacted the city in August to inquire about refinancing the bonds and “take out” the PAYGO note to save on interest expenses for the those two obligations. The term of the new bonds (in the amount of \$4,530,000), would be the same as the previous bonds. However, the refinanced bonds will result in a lower interest rate which will free up additional funds to repay the outstanding EDA Interfund Loan. It is estimated that the EDA Interfund Loan would be repaid in year nine with interest (August 1, 2026) and there could be additional funds available to the EDA for future redevelopment projects.

The attached memo from the city’s bond counsel, Julie Eddington, further explains the issuance of Tax Increment Revenue Refunding bonds. In addition, Stacie Kvilvang (city’s financial consultant) prepared the attached memo further explaining the Glenhaven TIF District, outstanding obligations, and refinancing of the bonds.

The attached resolution authorizes authorizing the issuance and sale of Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017, and approving the execution of documents in connection with the bonds.

Recommendation

Staff recommends the Economic Development Authority adopt the attached resolution authorizing the issuance and sale of Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017, and approving the execution of documents; and authorizing City officials to approve non-substantive changes to the related documents.

Submitted through:

Geralyn Barone, City Manager

Merrill King, Finance Director

Julie Wischnack, AICP, Community Development Director

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager

EDA Resolution No. 2017-_____

Resolution authorizing the issuance and sale of Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017, and approving the execution of documents in connection therewith

Be it resolved by the Board of Commissioners (the “Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”) as follows:

Section 1. Background.

1.01. The Authority and the City of Minnetonka, Minnesota (the “City”) have previously approved the establishment of the Glenhaven Tax Increment Financing District (the “TIF District”) within the Glen Lake Station Housing Development and Redevelopment Project, and have adopted a tax increment financing plan for the purpose of financing certain improvements within the TIF District, all pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, Minnesota Statutes, Sections 469.090 through 469.1082, as amended, Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and Laws of Minnesota 2009, Chapter 88, Article 5, Section 15 (the “Special Law”). In connection with the TIF District, the Authority entered into a Second Amended and Restated Contract for Private Redevelopment, dated January 4, 2010, as amended (the “Contract”), between the Authority, the City, and Glen Lake Redevelopment LLC (the “Redeveloper”), providing for development of, among other things, a mixed commercial and rental residential development referred to as “Phase I,” a senior rental housing development referred to as “Phase II,” and senior cooperative housing referred to as “Phase III.” Certain responsibilities of the Redeveloper with regard to Phase II have been assigned to and assumed by Glen Lake Senior Housing, LLC (the “Phase II Subdeveloper”) pursuant to an Assignment and Assumption, dated as of September 1, 2010, between Redeveloper and Phase II Subdeveloper. Certain responsibilities of the Redeveloper with regard to Phase III have been assigned to and assumed by Zvago Cooperative at Glen Lake (the “Phase III Subdeveloper”) pursuant to an Assignment and Assumption, dated as of March 28, 2016, between Redeveloper and Phase II Subdeveloper. Phase I, Phase II and Phase III are collectively referred to herein as the “Project.”

1.02. Pursuant to Section 469.178 of the TIF Act and the Special Law, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public redevelopment costs of the Project. Such

bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. In accordance with the Contract and the TIF Act, the Authority issued its Tax Increment Revenue Bonds, Series 2010 (Glen Lake Project, Phases I & II) (the "Series 2010 Bonds"), in the original aggregate principal amount of \$2,380,000, and issued to the Redeveloper its Taxable Tax Increment Revenue Note, Series 2010B (the "Series 2010B TIF Note"), in the original aggregate principal amount of \$2,128,802. The Authority applied the proceeds of the Series 2010 Bonds to refinance certain costs of Phase I and Phase II of the Project. The Authority issued the Series 2010B TIF Note to the Redeveloper to reimburse the Redeveloper for certain public redevelopment costs associated with Phase I and Phase II of the Project.

- 1.03. The Series 2010 Bonds are currently outstanding in the principal amount of \$2,010,000 and are subject to optional redemption on or after February 1, 2018. The Series 2010B TIF Note is subject to prepayment on any date.
- 1.04. The Authority has now proposed to issue its Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017 (the "Bonds"), in the proposed aggregate principal amount of \$4,530,000, in order to redeem and prepay the Series 2010 Bonds and the Series 2010B TIF Note. The Bonds are proposed to be issued pursuant to the terms of the TIF Act, the Contract, and a Paying Agent Agreement (the "Paying Agent Agreement") between the Authority and Bond Trust Services Corporation, as paying agent (the "Paying Agent").
- 1.05. The Bonds will be payable from "Available Tax Increment" as defined and described in the Paying Agent Agreement and certain funds pledged under the Paying Agent Agreement.
- 1.06. There have been presented before this Board forms of (i) the Paying Agent Agreement; (ii) a Bond Purchase Agreement proposed to be entered into between the Authority and Dougherty & Company LLC (the "Underwriter"); (iii) a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and (iv) a Preliminary Official Statement (the "Official Statement") with respect to the Bonds.

Section 2. Issuance of the Bonds.

- 2.01. In order to redeem and prepay the Series 2010 Bonds and to prepay the Series 2010B TIF Note, the Board of Commissioners hereby authorizes the issuance of the Bonds in a maximum principal amount of \$4,530,000. The Bonds shall be issued on such date and upon the terms and conditions determined by the Executive Director of the Authority (the "Executive Director"); provided, however, that the principal amount of the

Bonds shall not exceed \$4,530,000, the true interest cost of the Bonds shall not exceed 4.0%, and any original issue premium on the Bonds must be used to reduce the principal amount of the Bonds. The Bonds are authorized to be issued as obligations the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes. This authorization to issue the Bonds is effective without any additional action of the Board and shall be undertaken by the Executive Director on such date and upon the terms and conditions deemed reasonable by the Executive Director. The Board hereby authorizes the sale of the Bonds to the Underwriter upon the offer of the Underwriter to purchase the Bonds in accordance with the terms of the Bond Purchase Agreement.

- 2.02. The Bonds shall have the maturities, interest rate provisions, shall be dated, numbered, and issued in such denominations, shall be subject to mandatory, optional, and special redemptions and prepayment prior to maturity, shall be executed, sealed, and authenticated in such manner, shall be in such form, and shall have such other details and provisions as are prescribed in the Paying Agent Agreement. The form of the Bonds included in the Paying Agent Agreement is approved in substantially the form in the Paying Agent Agreement, subject to such changes not inconsistent with this resolution and applicable law, and subject to such changes that are approved by the Executive Director. Without limiting the generality of the foregoing, the Executive Director is authorized to approve the original aggregate principal amount of the Bonds to be issued under the terms of this resolution (subject to the maximum aggregate principal amount for all series authorized by this resolution), to establish the terms of redemption, the principal amounts subject to redemption, and the dates of redemption of the Bonds, and to approve other changes to the other terms of the Bonds which are deemed by the Executive Director to be in the best interests of the Authority. The issuance and delivery of the Bonds shall be conclusive evidence that the Executive Director has approved the terms and provisions of the Bonds in accordance with the authority granted by this resolution. The proceeds derived from the sale of the Bonds, and the earnings derived from the investment of such proceeds, shall be held, transferred, expended, and invested in accordance with determinations of the Executive Director.
- 2.03. The Bonds shall be secured by the terms of the Paying Agent Agreement and shall be payable solely from Available Tax Increments and funds that are expressly pledged to the payment of the Bonds pursuant to the terms of the Paying Agent Agreement.
- 2.04. The Paying Agent Agreement, the Bond Purchase Agreement, and the Continuing Disclosure Certificate (collectively, the "Authority Documents") are hereby approved in substantially the forms on file with the Board on

the date hereof, subject to such changes not inconsistent with this resolution and applicable law that are approved by the Executive Director. It is hereby found, determined and declared that the issuance and sale of the Bonds, the execution and delivery by the Authority of the Authority Documents, and the performance of all covenants and agreements of the Authority contained in the Authority Documents, and of all other acts required under the laws of the State of Minnesota to make the Bonds the valid and binding special, limited obligations of the Authority enforceable in accordance with their respective terms, are authorized by applicable Minnesota law, including, without limitation, the TIF Act and this resolution.

- 2.05. Under the provisions of the TIF Act, and as provided in the Paying Agent Agreement and under the terms of the Bonds, the Bonds shall not be payable from or chargeable against any funds other than the revenues pledged to the payment thereof. The Authority shall not be subject to any liability thereon other than from such revenues pledged thereto. No holder of any Bonds shall ever have the right to compel any exercise by the Authority of its taxing powers (other than as contemplated by the pledge of tax increment revenues under the terms of the Paying Agent Agreement) to pay the principal of, premium, if any, and interest on Bonds, or to enforce payment thereof against any property of the Authority other than the property expressly pledged thereto. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Authority other than the revenues expressly pledged thereto. The Bonds shall recite that the Bonds are issued pursuant to the TIF Act without a pledge of the general or moral obligation of the Authority, and that the Bonds, including interest thereon, are payable solely from the revenues pledged to the payment thereof. The Bonds shall not constitute a debt of the Authority within the meaning of any constitutional or statutory limitation of indebtedness.
- 2.06. The preparation and distribution of the Official Statement in conjunction with the offer and sale of the Bonds is hereby ratified and authorized. The form of the Official Statement presented to the Board is hereby deemed "final." The President and the Executive Director are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.
- 2.07. Unless litigation shall have been commenced and be pending questioning the Bonds, the proceedings for approval of the Bonds, tax increment revenues generated or collected for payment of the Bonds, revenues pledged for payment of the Bonds, or the organization of the Authority, or incumbency of its officers, the President and the Executive Director shall

also execute and deliver a suitable certificate as to absence of material litigation, and the President and the Executive Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds, and the signed approving legal opinion of Kennedy & Graven, Chartered, as bond counsel to the Authority ("Bond Counsel"), as to the validity and enforceability of the Bonds and the tax-exempt status of interest on the Bonds.

- 2.08. The President, Executive Director, and other agents, officers, and employees of the Authority are hereby authorized and directed, individually and collectively, to furnish to the attorneys approving the Bonds, on behalf of the purchasers of the Bonds, certified copies of all proceedings and certifications as to facts as shown by the books and records of the Authority, and the right and authority of the Authority to issue the Bonds, and all such certified copies and certifications shall be deemed representations of fact on the part of the Authority. Such officers, employees, and agents of the Authority are hereby authorized to execute and deliver, on behalf of the Authority, all other certificates, instruments, and other written documents that may be requested by Bond Counsel, the Underwriter, the Paying Agent, or other persons or entities in conjunction with the issuance of the Bonds and the expenditure of the proceeds of the Bonds. Without imposing any limitations on the scope of the preceding sentence, such officers and employees are specifically authorized to execute and deliver one or more UCC-1 financing statements, a certificate relating to federal tax matters including matters relating to arbitrage and arbitrage rebate, a receipt for the proceeds derived from the sale of the Bonds, an order to the Paying Agent, a general certificate of the Authority, and an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G.

Section 3. Redemption of Series 2010 Bonds and Series 2010B TIF Note.

- 3.01. The Authority elects to apply the net proceeds of the Bonds to the optional prepayment of the 2019 through 2030 maturities of the Series 2010 Bonds and the Series 2010B TIF Note in accordance with their terms.
- 3.02. Following the sale and issuance of the Bonds, the Authority is authorized to direct Bond Trust Services Corporation, the registrar for the Series 2010 Bonds, to cause notice of redemption of the Series 2010 Bonds to be given to the holders of the Series 2010 Bonds in accordance with the terms of the Series 2010 Bonds and to take all other actions necessary to cause the redemption and prepayment of the Series 2010 Bonds to occur as soon as possible after the date of issuance of the Bonds.
- 3.03. Following the sale and issuance of the Bonds, the Authority is authorized to direct the Finance Director of the City, the registrar for the Series 2010B

TIF Note, to cause notice of redemption of the Series 2010B TIF Note to be given to the holder of the Series 2010B TIF Note in accordance with the terms of the Series 2010B TIF Note and to take all other actions necessary to cause the redemption and prepayment of the Series 2010B TIF Note to occur as soon as possible after the date of issuance of the Bonds.

Section 4. Miscellaneous.

- 4.01. All agreements, covenants, and obligations of the Authority contained in this resolution and in the above-referenced documents shall be deemed to be the agreements, covenants, and obligations of the Authority to the full extent authorized or permitted by law, and all such agreements, covenants, and obligations shall be binding on the Authority and enforceable in accordance with their terms. No agreement, covenant, or obligation contained in this resolution or in the above-referenced documents shall be deemed to be an agreement, covenant, or obligation of any member of the Board, or of any officer, employee, or agent of the Authority in that person's individual capacity. Neither the members of the Board, nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.
- 4.02. Nothing in this resolution or in the above-referenced documents is intended or shall be construed to confer upon any person (other than as provided in the Paying Agent Agreement, the Bonds, and the other agreements, instruments, and documents hereby approved) any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provision of this resolution.
- 4.03. If for any reason the President, Executive Director, or any other officers, employees, or agents of the Authority authorized to execute certificates, instruments, or other written documents on behalf of the Authority shall for any reason cease to be an officer, employee, or agent of the Authority after the execution by such person of any certificate, instrument, or other written document, such fact shall not affect the validity or enforceability of such certificate, instrument, or other written document. If for any reason the President, Executive Director, or any other officers, employees, or agents of the Authority authorized to execute certificates, instruments, or other written documents on behalf of the Authority shall be unavailable to execute such certificates, instruments, or other written documents for any reason, such certificates, instruments, or other written documents may be executed by a deputy or assistant to such officer, or by such other officer of the Authority as in the opinion of the counsel to the Authority is authorized to sign such document.

- 4.04. The Authority shall not take any action or authorize any action to be taken in connection with the application or investment of the proceeds of the Bonds or any related activity which would cause the Bonds to be deemed to be “private activity bonds,” within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority shall not take any action or authorize any action to be taken in connection with the application or investment of the proceeds of the Bonds or any related activity which would cause the Bonds to be deemed to be “arbitrage bonds,” within the meaning of Section 148 of the Code. Furthermore, the Authority shall take all such actions as may be required under the Code to ensure that interest on the Bonds is not and does not become includable in gross income for federal income tax purposes.
- 4.05. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the Authority makes the following factual statements and representations:
- (a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
 - (b) the Authority hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
 - (c) the reasonably anticipated amount of tax-exempt obligations (other than any private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the Authority during calendar year 2017 will not exceed \$10,000,000; and
 - (d) not more than \$10,000,000 of obligations issued by the Authority during calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on November 13, 2017.

Terry Schneider, President

ATTEST:

David E. Maeda, Secretary

Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on November 13, 2017.

Secretary



Memo

To: Julie Wischnack – Community Development Director
From: Stacie Kvilvang - Ehlers
Date: November 13, 2017
Subject: Refinancing of 2010 TIF Bonds and PAYGO TIF Note – Glenhaven TIF District

The Glenhaven TIF District is a renovation and renewal TIF district (16 year term) created in 2006. In 2009 the City sought and was granted special legislation to have the term extended by seven (7) additional years so the District will terminate on December 31, 2029. To date the development is comprised of the The Exchange (Phase I) which is a market rate apartment complex with first floor retail, the St. Therese senior living with services apartment complex (Phase II), and the newly constructed Zvago Senior Cooperative (Phase III).

Currently the EDA has three (3) obligations in this TIF district as follows (in priority of TIF revenues):

1. \$2,380,000 TIF Revenue Bonds, Series 2010 (non-general obligation) with interest rates ranging from 5.5% to 6%
2. \$2,478,237 PAYGO TIF Note issued in 2008 with an interest rate of 6.75%; and
3. \$502,588 Interfund Loan (for costs associated with relocating the former Alano Club) with an interest rate of 4% (statutory maximum)

95% of the TIF generated goes to repay the Bonds and the PAYGO Note and 5% is available for administrative costs of the EDA or payment on the EDA Interfund Loan (IFL). Currently 95% of the TIF revenues have been sufficient to make payments on the 2010 TIF Bonds and any residual TIF not needed to make payments on the Bonds has been pledged to the PAYGO Note. Because the residual TIF was and is inadequate to pay interest owed on the PAYGO Note, the accrued interest plus the unpaid principal after the August 1, 2017 payment is approximately \$2.766 million (anticipated that the PAYGO Note would never be paid in full). No payments have been made on the EDA's IFL to date due to no residual TIF being available and it was not anticipated that the full principal or interest would ever be repaid (can be made from unused admin or any unobligated parcel TIF, if any).

Dougherty was the Underwriter on the original TIF bonds and contacted the City in August to inquire about refinancing the 2010 Bonds for interest savings, but also to increase the principal amount of the new bonds to “take out” the PAYGO Note for interest savings as well (at the request of the developer). The term of the new bonds would be the same as before (final payment on February 1, 2030 which is the 2nd half 2029 TIF payment). The EDA would make the February 1, 2018 payments on both the existing Bonds and the PAYGO Note, and then

starting on August 1, 2018, the interest would start on the new bonds (principal starting in 2019). Following is the estimated sources and uses of funds:

Sources Of Funds

Par Amount of Bonds	\$4,530,000.00
Transfers from Prior Issue DSR Funds	112,000.00
Total Sources	\$4,642,000.00

Uses Of Funds

Total Underwriter's Discount (2.000%)	90,600.00
Costs of Issuance	60,000.00
Deposit to Debt Service Reserve Fund (DSRF)	236,177.29
Deposit to Current Refunding Fund	1,905,000.00
Payoff of PAYGO Note	2,350,222.71
Total Uses	\$4,642,000.00

As noted, the par amount of the bonds would be \$4.530 million, with \$1.905 going to refund the existing 2010 Bonds and approximately \$2.350 million going to pay off the existing PAYGO TIF Note. It should be noted that the developer is receiving approximately \$416,000 less than is owed on the PAYGO Note. The Developer is willing to take less because he receives cash upon closing of the bonds (owes the bank approximately \$1.1 million and will retain the remaining \$1.2 million), versus being paid out, with interest over the next eleven (11) years.

Currently, the new interest rates on the bonds are expected to range from 2.25% to 4% and will retain a 120% debt service coverage. As noted on the payment schedule below, the unused coverage for the bonds will be available to the EDA for repayment on its \$502,588 IFL:

Date	Total Revenues	Total D/S	Cash Balance
02/01/2018	-	-	-
08/01/2018	227,504.00	94,902.74	132,601.26
02/01/2019	227,504.00	280,586.25	79,519.01
08/01/2019	282,563.00	73,280.00	288,802.01
02/01/2020	282,563.00	393,280.00	178,085.01
08/01/2020	282,563.00	69,360.00	391,288.01
02/01/2021	282,563.00	399,360.00	274,491.01
08/01/2021	282,563.00	65,070.00	491,984.01
02/01/2022	282,563.00	405,070.00	369,477.01
08/01/2022	282,563.00	60,310.00	591,730.01
02/01/2023	282,563.00	410,310.00	463,983.01
08/01/2023	282,563.00	55,060.00	691,486.01
02/01/2024	282,563.00	415,060.00	558,989.01
08/01/2024	282,563.00	49,210.00	792,342.01
02/01/2025	282,563.00	419,210.00	655,695.01
08/01/2025	282,563.00	42,920.00	895,338.01
02/01/2026	282,563.00	427,920.00	749,981.01
08/01/2026	282,563.00	36,086.25	996,457.76
02/01/2027	282,563.00	431,086.25	847,934.51
08/01/2027	282,563.00	28,877.50	1,101,620.01
02/01/2028	282,563.00	438,877.50	945,305.51
08/01/2028	282,563.00	21,087.50	1,206,781.01
02/01/2029	282,563.00	446,087.50	1,043,256.51
08/01/2029	282,563.00	12,800.00	1,313,019.51
02/01/2030	518,740.29	652,800.00	1,178,959.80
Total	\$6,907,571.29	\$5,728,611.49	-

Based upon the proposed financing rates and no inflation in TIF revenues over time, there will be approximately \$1.178 million in unused coverage at the end of the District. Based upon preliminary estimates, the EDA's IFL, with interest (estimated at \$310,000), will be repaid in nine (9) years (August 1, 2026) and the EDA will have approximately \$366,000 available at the end of the District for other redevelopment projects as appropriate (see payment chart on following page).

EDA Interfund Loan								
Payment Date	Begin Balance	Period Interest Due	Revenue	Interest Payment	Principal Payment	Accrued Interest	Ending Balance	Available Increment
5/27/2008	502,588.00	-					502,588.00	-
8/1/2008	502,588.00	3,573.96		-	-	3,573.96	502,588.00	-
2/1/2009	502,588.00	10,051.76	-	-	-	13,625.72	502,588.00	-
8/1/2009	502,588.00	10,051.76	-	-	-	23,677.48	502,588.00	-
2/1/2010	502,588.00	10,051.76	-	-	-	33,729.24	502,588.00	-
8/1/2010	502,588.00	10,051.76	-	-	-	43,781.00	502,588.00	-
2/1/2011	502,588.00	10,051.76	-	-	-	53,832.76	502,588.00	-
8/1/2011	502,588.00	10,051.76	-	-	-	63,884.52	502,588.00	-
2/1/2012	502,588.00	10,051.76	-	-	-	73,936.28	502,588.00	-
8/1/2012	502,588.00	10,051.76	-	-	-	83,988.04	502,588.00	-
2/1/2013	502,588.00	10,051.76	-	-	-	94,039.80	502,588.00	-
8/1/2013	502,588.00	10,051.76	-	-	-	104,091.56	502,588.00	-
2/1/2014	502,588.00	10,051.76	-	-	-	114,143.32	502,588.00	-
8/1/2014	502,588.00	10,051.76	-	-	-	124,195.08	502,588.00	-
2/1/2015	502,588.00	10,051.76	-	-	-	134,246.84	502,588.00	-
8/1/2015	502,588.00	10,051.76	-	-	-	144,298.60	502,588.00	-
2/1/2016	502,588.00	10,051.76	-	-	-	154,350.36	502,588.00	-
8/1/2016	502,588.00	10,051.76	-	-	-	164,402.12	502,588.00	-
2/1/2017	502,588.00	10,051.76	-	-	-	174,453.88	502,588.00	-
8/1/2017	502,588.00	10,051.76	-	-	-	184,505.64	502,588.00	-
2/1/2018	502,588.00	10,051.76	-	-	-	194,557.40	502,588.00	-
8/1/2018	502,588.00	10,051.76	79,519.01	(79,519.01)	-	125,090.15	502,588.00	-
2/1/2019	502,588.00	10,051.76	0	-	-	135,141.91	502,588.00	-
8/1/2019	502,588.00	10,051.76	98,566.00	(98,566.00)	-	46,627.67	502,588.00	-
2/1/2020	502,588.00	10,051.76	0	-	-	56,679.43	502,588.00	-
8/1/2020	502,588.00	10,051.76	96,406.00	(66,731.19)	(29,674.81)	-	472,913.19	-
2/1/2021	472,913.19	9,458.26	0	-	-	9,458.26	472,913.19	-
8/1/2021	472,913.19	9,458.26	94,986.00	(18,916.53)	(76,069.47)	-	396,843.72	-
2/1/2022	396,843.72	7,936.87	0	-	-	7,936.87	396,843.72	-
8/1/2022	396,843.72	7,936.87	94,506.00	(15,873.75)	(78,632.25)	-	318,211.47	-
2/1/2023	318,211.47	6,364.23	0	-	-	6,364.23	318,211.47	-
8/1/2023	318,211.47	6,364.23	95,006.00	(12,728.46)	(82,277.54)	-	235,933.92	-
2/1/2024	235,933.92	4,718.68	0	-	-	4,718.68	235,933.92	-
8/1/2024	235,933.92	4,718.68	96,706.00	(9,437.36)	(87,268.64)	-	148,665.28	-
2/1/2025	148,665.28	2,973.31	0	-	-	2,973.31	148,665.28	-
8/1/2025	148,665.28	2,973.31	94,286.00	(5,946.61)	(88,339.39)	-	60,325.89	-
2/1/2026	60,325.89	1,206.52	0	-	-	1,206.52	60,325.89	-
8/1/2026	60,325.89	1,206.52	97,953.50	(2,413.04)	(60,325.89)	-	-	35,214.57
2/1/2027	-	-	0	-	-	-	-	-
8/1/2027	-	-	97,371.00	-	-	-	-	97,371.00
2/1/2028	-	-	0	-	-	-	-	-
8/1/2028	-	-	97,951.00	-	-	-	-	951.00
2/1/2029	-	-	0	-	-	-	-	-
8/1/2029	-	-	135,703.29	-	-	-	-	135,703.29
2/1/2030	-	-	0	-	-	-	-	-
Year Term		310,131.94	1,178,959.80	(310,131.94)	(502,588.00)	2,377,510.61	-	366,239.86

IFL Paid in full

Interest earned by EDA on IFL

Funds Available for redevelopment

Tonight, the EDA is being asked to approve a resolution for the refinancing of the bonds and is the only action required by the EDA. Upon approval, following is the anticipated schedule for the refinancing:

- November 14, 2017: Preliminary Official Statement mailed
- November 27, 2017: Pricing call for bonds with staff and consultants
- November 28, 2017: Final pricing of the bonds
- November 29, 2011: Signing of the Bond Purchase Agreement
- December 12, 2017: Closing on the bonds

Overall, the refinancing meets the following objectives:

1. Doesn't extend the term of the original Bonds or PAGYO Note
2. Provides interest savings that allows the EDA's IFL to be repaid, with interest; and
3. Provides additional funds for the EDA for future redevelopment projects

Please contact me at 651-697-8506 with any questions.



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November 6, 2017

Alisha Gray
Economic Development and Housing Manager
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345-1502

Re: Resolution relating to the issuance of Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017

Dear Alisha,

The Economic Development Authority in and for the City of Minnetonka, Minnesota (the "Authority") and the City of Minnetonka, Minnesota (the "City") have established the Glenhaven Tax Increment Financing District (the "TIF District") within the Glen Lake Station Housing Development and Redevelopment Project (the "Project"), and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Project, pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"). In connection with the TIF District, the Authority entered into a Second Amended and Restated Contract for Private Redevelopment, dated January 4, 2010, as heretofore amended (the "Contract"), between the Authority, the City, and Glen Lake Redevelopment LLC (the "Redeveloper"), as amended by five amendments, providing for development of, among other things, a mixed commercial and rental residential development referred to as "Phase I," and a senior rental housing development referred to as "Phase II." Certain responsibilities of the Redeveloper with regard to Phase II have been assigned to and assumed by Glen Lake Senior Housing, LLC (the "Phase II Subdeveloper") pursuant to an Assignment and Assumption, dated as of September 1, 2010, between Redeveloper and Phase II Subdeveloper. Certain responsibilities of the Redeveloper with regard to Phase III have been assigned to and assumed by Zvago Cooperative at Glen Lake (the "Phase III Subdeveloper") pursuant to an Assignment and Assumption, dated as of March 28, 2016, between Redeveloper and Phase II Subdeveloper.

On November 4, 2010, pursuant to Section 469.178 of the TIF Act, the Authority issued its Tax Increment Revenue Bonds, Series 2010 (Glen Lake Project, Phases I & II) (the "Series 2010 Bonds"), in the original aggregate principal amount of \$2,380,000, and issued to the Redeveloper its Taxable Tax Increment Revenue Note, Series 2010B (the "Series 2010B TIF Note"), in the original aggregate principal amount of \$2,128,802 (which increased to \$2,478,237 due to interest compounding). The Authority applied the proceeds of the Series 2010 Bonds to refinance certain costs of the Project (through the partial payment of a TIF Note held by the Redeveloper). When the Series 2010 Bonds were issued, the

Authority issued the Series 2010B TIF Note to the Redeveloper to reimburse the Redeveloper for the remaining public redevelopment costs associated with Phase I and Phase II of the Project for which the Authority had agreed to reimburse the Redeveloper.

The Redeveloper has requested that the Authority issue its Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017 (the "Bonds"), in the approximate principal amount of \$4,530,000, in order to refund both the Series 2010 Bonds and the Series 2010B TIF Note. These refundings will result in debt service savings for the Authority and will allow the Redeveloper to be reimbursed for its costs related to Phase I and Phase II of the Project. Excess tax increment not needed to pay debt service on the Bonds and not needed to meet a 120% debt service coverage test will be returned to the Authority. The Authority may apply the excess tax increment to the payment of principal of and interest on the City's interfund loans approved by the City Council and the Authority Board. The interfund loans in the principal amount of \$813,586 were for public improvements and relocation costs for the Alano parcel. One interfund loan remains outstanding in the principal amount of \$502,588.

The Bonds will be issued pursuant to the TIF Act and a Paying Agent Agreement between the Authority and the paying agent named therein. It is proposed that the Bonds be publicly offered for sale by Dougherty & Company LLC pursuant to an Official Statement and a Bond Purchase Agreement. The Bonds are revenue bonds payable solely from available tax increment derived from the TIF District. The City and the Authority have not and will not pledge any other revenues to the payment of the Bonds. No bondholders will have the ability to compel the City or the Authority to exercise any taxing powers to pay for the principal of or interest on the Bonds.

Enclosed is the resolution to be considered by the Authority on November 13, 2017, which authorizes the issuance of the Bonds and the execution and delivery of documents and certificates in connection therewith.

Please contact me with any questions about the foregoing.

Sincerely,

Julie A. Eddington

**Third Draft
November 8, 2017**

PAYING AGENT AGREEMENT

between

**ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE
CITY OF MINNETONKA, MINNESOTA,
as Issuer**

and

**BOND TRUST SERVICES CORPORATION,
as Paying Agent**

Dated as of December 1, 2017

Relating to:

**\$4,530,000
Economic Development Authority in and for the
City of Minnetonka, Minnesota
Tax Increment Revenue Refunding Bonds
(Glen Lake Project)
Series 2017**

This document drafted by:

Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402-1458

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PAYING AGENT AGREEMENT

THIS PAYING AGENT AGREEMENT, dated as of December 1, 2017 (this “Paying Agent Agreement”), between the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the “Issuer”), and BOND TRUST SERVICES CORPORATION, a Minnesota corporation, with its principal office in the City of Roseville, Minnesota (the “Paying Agent”):

RECITALS

The Issuer and the City of Minnetonka, Minnesota (the “City”) have previously approved the establishment of the Glenhaven Tax Increment Financing District (the “TIF District”) within the Glen Lake Station Housing Development and Redevelopment Project (the “Project”), and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Project, all pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, Minnesota Statutes, Sections 469.090 through 469.1082, as amended, Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”), and Laws of Minnesota 2009, Chapter 88, Article 5, Section 15 (the “Special Law”).

In connection with the TIF District, the Issuer entered into a Second Amended and Restated Contract for Private Redevelopment, dated January 4, 2010, as heretofore amended (the “Contract”), between the Issuer, the City, and Glen Lake Redevelopment LLC (the “Redeveloper”), providing for development of, among other things, a mixed commercial and rental residential development referred to as “Phase I,” a senior rental housing development referred to as “Phase II,” and senior cooperative housing referred to as “Phase III.” Certain responsibilities of the Redeveloper with regard to Phase II have been assigned to and assumed by Glen Lake Senior Housing, LLC (the “Phase II Subdeveloper”) pursuant to an Assignment and Assumption, dated as of September 1, 2010, between Redeveloper and Phase II Subdeveloper. Certain responsibilities of the Redeveloper with regard to Phase III have been assigned to and assumed by Zvago Cooperative at Glen Lake (the “Phase III Subdeveloper”) pursuant to an Assignment and Assumption, dated as of March 28, 2016, between Redeveloper and Phase II Subdeveloper. Phase I, Phase II and Phase III are collectively referred to herein as the “Project.”

Pursuant to Section 469.178 of the Act and the Special Law (together, the “Act”), the Issuer is authorized to issue and sell its bonds for the purpose of financing or refinancing a portion of the public development costs of the Project. Such bonds shall be payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. In accordance with the Contract and the Act, the Issuer issued its Tax Increment Revenue Bonds, Series 2010 (Glen Lake Project, Phases I & II) (the “Series 2010 Bonds”), in the original aggregate principal amount of \$2,380,000, and issued to the Redeveloper its Taxable Tax Increment Revenue Note, Series 2010B (the “Series 2010B TIF Note”), in the original aggregate principal amount of \$2,128,802. The Issuer applied the proceeds of the Series 2010 Bonds to refinance certain costs of Phase I and Phase II of the Project. The Issuer issued the Series 2010B TIF Note to the Redeveloper to reimburse the Redeveloper for certain public redevelopment costs associated with Phase I and Phase II of the Project.

Pursuant to the terms of a resolution adopted by the Board of Commissioners of the Issuer on November 13, 2017, and the terms and conditions of this Paying Agent Agreement, the Issuer will issue its Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017 (the “Bonds”), in the original aggregate principal amount of \$4,530,000, and will apply the proceeds derived from the sale of the Bonds to the redemption and prepayment of the Series 2010 Bonds and the Series 2010B TIF Note. Proceeds of the Bonds will also be used to fund required reserves and pay costs of issuance of the Bonds.

The Bonds shall be payable solely from Available Tax Increment (as defined herein).

The execution and delivery of this Paying Agent Agreement and the issuance of the Bonds by the Issuer have been in all respects duly and validly authorized by the Issuer.

(The remainder of this page is intentionally left blank.)

ARTICLE ONE

DEFINITIONS AND GENERAL PROVISIONS

Section 1.1. Definitions. In this Paying Agent Agreement the following terms have the following respective meanings unless the context hereof clearly requires otherwise. Capitalized terms used herein which are not defined in this Section 1.1 have the meanings given them in the Contract.

“Act” means Minnesota Statutes, Sections 469.174 through 469.1794, as amended, and Laws of Minnesota 2009, Chapter 88, Article 5, Section 15.

“Authorized Denominations” means \$25,000, and integral multiples of \$5,000 in excess of \$25,000.

“Available Tax Increment” means, on any Payment Date, ninety-five percent (95%) of the Tax Increment derived from the TIF District and received by the Issuer from the County in the six-month period preceding such Payment Date.

“Board of Commissioners” means the governing body of the Issuer.

“Bond Counsel” means Kennedy & Graven, Chartered or any other attorney or firm of attorneys designated by the Issuer and nationally recognized in the field of municipal finance.

“Bond Fund” means the Fund by that name created and established by Article Five hereof.

“Bondholder” or “Holder” means a person in whose name a Bond is registered in the Bond Register.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated November __, 2017, between the Issuer and the Underwriter providing for the purchase of the Bonds, and any amendments or supplements thereto.

“Bond Register” means the register maintained as provided in Section 2.9 hereof.

“Bond Registrar” means the Paying Agent, who shall act as bond registrar, transfer agent and paying agent, or any successor Paying Agent or other fiduciary acting as bond registrar, transfer agent or paying agent for the Bonds.

“Bond Resolution” means Resolution No. _____, adopted by the Board of Commissioners on November 13, 2017, authorizing the issuance of the Bonds.

“Bonds” means the Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017, issued by the Issuer in the original aggregate principal amount of \$4,530,000, pursuant to this Paying Agent Agreement.

“Bond Year” means initially the period from the date of the Issue Date to and including November 30, 2018, and thereafter each twelve (12) month calendar year period beginning on each December 1 and ending on November 30 of the following year.

“Business Day” means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the State are authorized by law or executive order to close.

“City” means the City of Minnetonka, Minnesota, a home rule charter city and political subdivision of the State.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contract” means the Second Amended and Restated Contract for Private Redevelopment, dated January 4, 2010, between the Issuer, the City, and the Redeveloper, as amended by the Assignment and Assumption, dated September 1, 2010, between Glen Lake Redevelopment LLC and Glen Lake Senior Housing, LLC, the First Amendment to Second Amended and Restated Contract for Private Redevelopment, dated May 13, 2013, between the Authority, the City, and Glen Lake Redevelopment LLC, consented to by Exchange Development LLC and Kinsel Point Development LLC (as permitted assignees under the Contract), the Second Amendment to Second Amended and Restated Contract for Private Redevelopment, dated June 23, 2014, between the Authority, the City, and Glen Lake Redevelopment LLC, consented to by Exchange Development LLC and Kinsel Point Development LLC, the Third Amendment to Second Amended and Restated Contract for Private Redevelopment, dated January 26, 2015, between the Authority, the City, and Glen Lake Redevelopment LLC, consented to by Exchange Development LLC, Kinsel Point Development LLC, and Glen Lake Senior Housing, LLC (as permitted assignees under the Contract), the Fourth Amendment to Second Amended and Restated Contract for Private Redevelopment, dated November 6, 2015, between the Authority, the City, and Glen Lake Redevelopment LLC, consented to by Exchange Development LLC, Kinsel Point Development LLC, and Glen Lake Senior Housing, LLC, the Fifth Amendment to Second Amended and Restated Contract for Private Redevelopment, dated February 29, 2016, Exchange Development LLC, Kinsel Point Development LLC, Glen Lake Senior Housing, LLC, and Zvago Cooperative at Glen Lake (as permitted assignees under the Contract), and the Assignment and Assumption, dated March 28, 2016, between Glen Lake Redevelopment LLC and Zvago Cooperative at Glen Lake, as may be further amended from time to time.

“Counsel” means any attorney designated by the Issuer or Paying Agent, as appropriate, duly admitted to practice law before the highest court of any state, who may (except as otherwise provided herein) be counsel to the Issuer or Paying Agent.

“County” means Hennepin County, Minnesota.

“Debt Service Ratio Covenants” means the covenants of the Issuer set forth in Section 4.3 hereof.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Depository” means a trust company or other fiduciary acting as a depository with respect to the Bonds.

“Earnings Account” means the account by that name established in the Revenue Fund pursuant to Article Five hereof.

“Event of Default” means any of the events described as such in Section 9.1 hereof.

“Excess Available Tax Increment” means, as of each Principal Payment Date, the Available Tax Increment deposited in the Tax Increment Account of the Revenue Fund that is in excess of the amount transferred to the Bond Fund and the Reserve Fund in accordance with Section 5.5(b) and (c) hereof.

“Fund” means any of the funds created and described in Article Five hereof.

“Government Obligations” means bonds, notes, bills and other securities which are direct general obligations of the United States of America.

“Interest Payment Date” means February 1 and August 1 of each year, commencing August 1, 2018.

“Issue Date” means December ___, 2017, which is the date of issuance of and payment for the Bonds.

“Issuer” means the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body corporate and politic organized and existing under the laws of the State.

“Issuer Order” means a written order or certificate of the Issuer executed by its President and Executive Director or their designees.

“Maturity” means, when used with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by scheduled redemption or declaration of acceleration or call for redemption or otherwise.

“Original Purchaser” means the Underwriter.

“Outstanding” means, when used with reference to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Paying Agent Agreement except:

(a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds and portions of Bonds for whose payment or redemption money or Government Obligations (as provided in Article Seven) shall have been theretofore irrevocably deposited with the Paying Agent or any other paying agent for such Bonds in trust for the Holders of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Paying Agent Agreement or irrevocable instructions to call such Bonds for redemption at a stated Redemption Date shall have been given to the Paying Agent; and

(c) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered pursuant to this Paying Agent Agreement;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Issuer or purchased by the Paying Agent as provided herein shall be disregarded and deemed not to be Outstanding, except that in determining whether the Paying Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Paying Agent actually knows to be so owned shall be disregarded.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“Paying Agent” means Bond Trust Services, a Minnesota corporation, or any other paying agent or agents for Bonds appointed by the Issuer, and its successor or successors, and any other corporation or association which may at any time be substituted in its place pursuant to this Paying Agent Agreement.

“Paying Agent Agreement” means this Paying Agent Agreement, dated as of December 1, 2017, between the Issuer and the Paying Agent, together with any supplement or amendment hereto entered into pursuant to the applicable provisions hereof.

“Payment Date” means any Interest Payment Date and any Principal Payment Date.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the money proposed to be invested therein:

(a) U.S. Treasury Securities and obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: (i) Export-Import Bank; (ii) Farm Credit System Financial Assistance Corporation; (iii) Rural Economic Community Development Administration (formerly the Farmers Home Administration); (iv) General Services Administration; (v) U.S. Maritime Administration; (vi) Small Business Administration; (vii) Government National Mortgage Association (GNMA); (viii) U.S. Department of Housing & Urban Development (PHA’s); and (ix) Federal Housing Administration;

(b) Senior debt obligations rated, at the time of investment or purchase, “Aaa” by Moody’s Investor Service, Inc. and “AA-“ by S&P Global Ratings issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);

(c) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P Global Ratings and “P-1” by Moody’s Investor Service, Inc. and maturing no more than three hundred sixty (360) days after the date of purchase;

(d) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P Global Ratings and “P-1” by Moody’s Investor Service, Inc. and which matures not more than two hundred seventy (270) days after the date of purchase;

(e) Investments in a money market fund rated, at the time of investment or purchase, “AAAm” or “AAAm-G” by S&P Global Ratings including any fund managed or offered by the Paying Agent;

(f) Pre-refunded state and local government obligations which are bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, at the time of investment or purchase, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P Global Ratings and Moody’s Investor Service, Inc. or any successors thereto; or (ii) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) General obligations of the State or political subdivisions thereof with a rating, at the time of investment or purchase, of “Aaa” by Moody’s Investor Service, Inc. or “AAA” by S&P Global Ratings; and

(h) An investment agreement issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing whose unsecured debt obligations are rated, at the time of investment or purchase, at least as high as “AA-” by S&P Global Ratings or “Aa-3” by Moody’s Investor Service, Inc.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government, or any Issuer or political subdivision thereof.

“Phase I” means a development including a retail component, a restaurant, and 52 rental housing units.

“Phase II” means a development including 150 units of senior housing.

“Phase III” means a development including 54 units of senior cooperative housing.

“Principal Payment Date” means each February 1, commencing on February 1, 2019.

“Project” means collectively Phase I, Phase II, and Phase III.

“Rating Agency” means S&P Global Ratings, Moody’s Investors Service, Inc., or Fitch Ratings Investors Service, L.P., for so long as any such entity maintains a rating for any of Outstanding Bonds.

“Rebate Amount” means any amount required or permitted to be paid to the United States in order to comply with Section 148(a) of the Code.

“Rebate Fund” means the Fund by that name created and established by Article Five hereof.

“Record Date” means with respect to any Interest Payment Date on the Bonds, (a) the fifteenth day of the month (whether or not a Business Day) next preceding such Interest Payment Date (each, a “Regular Record Date”) or (b) if there is a default in payment of interest due on such Interest Payment Date, a “Special Record Date” for the payment of such defaulted interest established by the Paying Agent in accordance with Section 2.4 hereof.

“Redemption Date” means, with respect to any Bond to be redeemed, the date on which it is to be redeemed pursuant to this Paying Agent Agreement.

“Redemption Price” means, with respect to any Bond to be redeemed, the price (principal amount plus accrued interest plus premium, if any) at which it is to be redeemed pursuant to this Paying Agent Agreement.

“Redeveloper” means Glen Lake Redevelopment LLC, its successors and assigns.

“Redevelopment Project” means the Glen Lake Station Housing Development and Redevelopment Project.

“Refunding Fund” means the Fund by that name established pursuant to Article Five hereof.

“Representation Letter” means any letter of representations or agreement from the Issuer or the Paying Agent to DTC with respect to the Bonds, and any similar letter or other agreement with any successor depository for the Bonds.

“Reserve Fund” means the Fund by that name created and established pursuant to Article Five hereof.

“Reserve Requirement” means \$_____.

“Responsible Officer” means, when used with respect to the Paying Agent, any officer of the Paying Agent who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Paying Agent Agreement.

“Revenue Fund” means the Fund by that name created and established pursuant to Article Five hereof.

“Series 2010 Bonds” means the Tax Increment Revenue Bonds, Series 2010 (Glen Lake Project, Phases I & II), issued by the Issuer on November 4, 2010, in the original aggregate principal amount of \$2,380,000.

“Series 2010 Bonds Account” means the account by that name established in the Refunding Fund pursuant to Article Five hereof.

“Series 2010B TIF Note” means the Taxable Tax Increment Revenue Note, Series 2010B, issued by the Issuer to the Redeveloper on November 4, 2010, in the original aggregate principal amount of \$2,128,802.

“Series 2010B TIF Account” means the account by that name established in the Refunding Fund pursuant to Article Five hereof.

“State” means the State of Minnesota.

“Stated Maturity” means, with respect to any Bond, the date specified in such Bond and this Paying Agent Agreement as the fixed date on which the principal of such Bond is due.

“Tax Increment” means all tax increment revenues derived from the TIF District that the Issuer receives under the Act.

“Tax Increment Account” means the account by that name established in the Revenue Fund pursuant to Article Five hereof.

“TIF District” means the Glenhaven Tax Increment Financing District established by the City and the Issuer and administered by the Issuer.

“Treasury Regulations” means the income tax regulations promulgated by the United States Department of the Treasury under the Code and applicable to the Bonds.

“Underwriter” means Dougherty & Company LLC.

Section 1.2. Interpretation. The following principles govern the interpretation of words and phrases used in this Paying Agent Agreement:

(a) articles, sections, paragraphs, subsections, and clauses mentioned by number only are those so numbered which are contained in this Paying Agent Agreement;

(b) captions, titles or headings preceding any article or section herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Paying Agent Agreement and shall not affect its meaning, construction or effect;

(c) terms such as “herein,” “hereunder,” “hereby,” “hereto,” and “hereof” refer to the Paying Agent Agreement as a whole and not to any particular section thereof unless so indicated; “heretofore” and “hereafter” mean before and after the date of execution and delivery of this Paying Agent Agreement;

(d) words importing the masculine gender include the feminine and neuter genders;

(e) words importing the maturity of a Bond do not include or connote redemption of such Bond prior to maturity or the payment of the Redemption Price thereof;

(f) words importing the redemption or redeeming or calling for redemption of a Bond do not include or connote the payment of such Bond at its Stated Maturity or the purchase of such Bond;

(g) words importing the singular number include the plural number, and vice versa;

(h) all references in this instrument to designated “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed;

(i) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (or generally accepted accounting principles applicable specifically to governmental entities) in effect as of the date of this Paying Agent Agreement;

(j) references to the Bonds as “tax exempt” or to “tax-exempt status” are to the exclusion from gross income for federal income tax purposes pursuant to Section 103(a) of the Code of the interest on the Bonds, irrespective of, among other things, the alternative minimum tax, environmental tax, or branch profits tax;

(k) any requirement herein that principal, premium or interest be payable on the first day of any month shall be construed to mean the next succeeding Business Day if the first day is not a Business Day, and payment on such date shall have the same force and effect as if made on the nominal date of payment; and

(l) any references herein to principal due or to become due on the Bonds shall include any scheduled mandatory sinking fund payments.

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ARTICLE TWO

THE BONDS

Section 2.1. Pledge Effected by the Paying Agent Agreement; Special Obligations. The Bonds are special, limited obligations of the Issuer, the principal of and interest on which are payable solely from Available Tax Increment and shall be a valid claim of the respective Holders only against the Available Tax Increment which is pledged and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as otherwise expressly authorized in this Paying Agent Agreement. The Bonds are not general or moral obligations of the State, the City, the Issuer, or any political subdivision or agency of the State. The Holder shall have no right to compel the exercise of the taxing powers of the State, the Issuer or any political subdivision or agency of the State. The Bonds are not an indebtedness of the State, the Issuer or any political subdivision or Issuer of the State within the meaning of any constitutional or statutory limitation on indebtedness, other than the Act.

Section 2.2. Forms Generally. The Bonds and the Paying Agent’s certificate of authentication shall be in substantially the forms set forth in EXHIBIT A, with such other appropriate insertions, omissions, substitutions or other variations as are required or permitted by this Paying Agent Agreement. Definitive Bonds may be printed, lithographed or engraved or produced by a combination of these methods, or may be produced in any other manner. All signatures appearing on the Bonds (other than the signature of an officer of the Paying Agent appearing in the certificate of authentication) may be facsimiles.

Section 2.3. Principal Amount, Designation, Interest Rates, Maturities.

(a) The Bonds shall be issued under and secured by this Paying Agent Agreement and denominated “Tax Increment Revenue Refunding Bonds (Glen Lake Project), Series 2017.” The Bonds shall be issued in the aggregate principal amount of \$4,530,000 and dated as the date of original issue. The Bonds shall be issued in Authorized Denominations.

(b) The Bonds shall be issued in fully registered form, numbered separately consecutively upward, and the Bonds shall bear interest from their date of issue, payable each Interest Payment Date. If a default has occurred in the payment of any interest, the Paying Agent shall establish a special Record Date for such payment as hereinafter provided. Interest on the Bonds shall be computed on the basis of a three hundred sixty (360) day year with twelve (12) months of thirty (30) days.

(c) The Bonds shall have Stated Maturities on February 1 of each of the following years, in the following respective principal amounts, and shall bear interest at the rates per annum for each Stated Maturity of the Bonds as set forth below opposite the respective Stated Maturities:

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(d) To the extent lawful, interest shall accrue on all principal of and interest on the Bonds not paid when due at the rate of interest accruing on the Bonds immediately prior to such default.

(e) The Bonds shall be subject to redemption and prepayment prior to maturity as provided in Article Three hereof.

Section 2.4. Payment of Interest and Principal.

(a) The Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent, in immediately available funds: (i) in the case of principal of, redemption price and any premium on such Bond, delivered or transmitted to the Holder when due; and (ii) in the case of interest on such Bonds, delivered or transmitted on any date interest is due to the Holder of that Bond at the close of business on the Record Date applicable to that Interest Payment Date (the "Regular Record Date"). All Bonds shall be payable as to principal and redemption price in lawful money of the United States at the principal office of the Paying Agent upon presentment and surrender of the Bonds being paid, and interest on each Bond shall be payable by check or draft drawn upon the Paying Agent and mailed on the applicable Interest Payment Date to the Holder thereof at the address of such Holder as reflected on the Bond Register on the Regular Record Date; provided that upon written instruction from any Holder of not less than \$1,000,000 principal amount of the Bonds received at least five (5) days prior to the Regular Record Date (or all Outstanding Bonds, if less than \$1,000,000 principal amount of Bonds is Outstanding), payments to such Holder may be made to such Holder in immediately available funds, on the date such payment is due, by wire transfer as instructed by the Holder and upon payment by the Holder of the cost of such wire transfer.

(b) Notwithstanding the foregoing, if and to the extent that the Issuer shall fail to make payment or provision for payment of interest on any Bond due on any date, that interest ("defaulted interest") shall cease to be payable to the person who was the Holder of that Bond as of the original Regular Record Date. When money becomes available for payment of such defaulted interest: (i) the Paying Agent shall establish a "Special Record Date" for the payment of such defaulted interest which shall be not more than fifteen (15) nor fewer than ten (10) days prior to the date of the proposed payment; and (ii) the Paying Agent shall cause notice of the proposed payment and of the Special Record Date to be mailed by first class mail, postage prepaid, to each Holder at its address as it appears on the Bond Register not fewer than ten (10) days prior to the Special Record Date and, thereafter, such defaulted interest shall be payable to the persons who are the Holders of the Bonds at the close of business on the Special Record Date as above established.

Section 2.5. Conditions Precedent to the Delivery of the Bonds. The Bonds shall be executed and delivered hereunder only if there shall have been delivered to the Paying Agent:

(a) a certified copy of the Bond Resolution;

(b) executed copies of this Paying Agent Agreement and the Bond Purchase Agreement;

(c) the opinion of Kennedy & Graven, Chartered, as Bond Counsel, to the effect that (i) the Bonds have been duly and validly issued and are binding and enforceable special obligations of the Issuer, enforceable in accordance with their terms, subject to customary exceptions; and (ii) interest on the Bonds is excludable from gross income for federal income tax purposes and under State law as in effect as of the date of delivery of the Bonds, to the same extent, is excludable from gross income and taxable net income of individuals, estates and trusts for State income tax purposes (other than State franchise taxes measured by income and imposed on corporations and financial institutions);

(d) the supplemental opinion of Kennedy & Graven, Chartered, as Bond Counsel, to the effect that (a) the Paying Agent Agreement has been duly authorized, executed, and delivered by the Issuer and constitutes the valid, legal, and binding agreement of the Issuer enforceable in accordance with its terms; (b) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Paying Agent Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (c) the description of the Bonds and the Paying Agent Agreement (collectively, the “Bond Documents”) in the Official Statement under the captions “Summary of the Offering,” “Introductory Statement,” and “The Series 2017 Bonds” in Appendix B conform in all material respects to the provisions of the Bond Documents purported to be summarized; and (d) the statements relating to the approving opinion of Kennedy & Graven, Chartered, as Bond Counsel, contained on the front page of the Official Statement, under the caption “Tax Exemption of the Series 2017 Bonds,” and in Appendix A and on the cover of the Official Statement conform to the corresponding portions of our approving opinion;

(e) the Issuer Order to authenticate and deliver the Bonds to or upon the order of the Underwriter, upon payment to the Paying Agent for the account of the Issuer of a specified sum plus a specified amount of accrued interest, if any; and

(f) such other items as Bond Counsel shall reasonably require.

Section 2.6. Registered Form and Denominations. All Bonds shall be in fully registered form without coupons in Authorized Denominations and shall be issued in the Stated Maturities and shall bear interest at such rates per annum and have such other terms as are set forth in this Paying Agent Agreement.

Section 2.7. Execution of Bonds. Each Bond shall be executed in the name of, and on behalf of, the Issuer by the manual, facsimile or photocopied signature of its President and Executive Director, but the Issuer’s corporate seal may be omitted as permitted by law. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, at the date of such act, shall hold the proper office, and the validity thereof shall not be impaired by the fact that one or more officers authorized to execute such Bond shall have ceased to be in office or did not hold such office on the formal issuance date thereof.

Section 2.8. Authentication of Bonds. Each Bond shall bear thereon a certificate of authentication, substantially in the form set forth in EXHIBIT A attached hereto. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any security, right or benefit under this Paying Agent Agreement. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been manually executed by the Paying Agent. The Paying Agent shall authenticate the signature of the officers of the Issuer on each Bond by execution of the Paying Agent’s certificate of authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the Bonds at the Issue Date to the Original Purchaser, the Paying Agent shall insert as a date of registration the date of original issue. Such certificate of authentication upon any Bond executed by the Paying Agent as herein provided on behalf of the Issuer shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under this Paying Agent Agreement.

Section 2.9. Registration and Transfer of Bonds and Agent Therefor. The Issuer shall maintain and keep, at the principal office of the Paying Agent, a Bond Register for the registration and transfer of Bonds and, upon presentation thereof for such purpose at the principal office of the Paying Agent, the Issuer shall register or cause to be registered therein and permit to be transferred thereon or to be exchanged, under such reasonable regulations as the Issuer or Paying Agent may prescribe, any Bond entitled to registration, transfer or exchange. The Paying Agent is hereby irrevocably appointed the agent of the Issuer for such registration, transfer or exchange of Bonds.

Section 2.10. Transfer and Exchange of Bonds.

(a) Each Bond may be exchanged at the option of the Holder, and each Bond may be transferred, upon presentation and surrender of the Bond at the principal office of the Paying Agent, together with an assignment or instrument of transfer duly executed by the Holder or its duly authorized attorney-in-fact in form satisfactory to the Paying Agent. Upon such presentation and surrender of a Bond, the Issuer shall execute and the Paying Agent shall authenticate a Bond or Bonds of the same series, maturity, and aggregate principal amount, bearing the same interest rate as the Bond surrendered, whereupon the new Bond or Bonds shall be valid obligations of the Issuer secured hereby and shall evidence all rights and privileges of the surrendered Bond, including all principal and all accrued and unpaid interest due or payable thereon. All surrendered Bonds shall be cancelled.

(b) For every such exchange or transfer of Bonds, the Paying Agent may make a charge sufficient to reimburse the Paying Agent for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, as well as the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Paying Agent incurred in connection with such exchange or transfer shall be paid by the Issuer.

(c) Neither the Issuer nor the Paying Agent shall be required to register, transfer or exchange Bonds for a period of fifteen (15) days next preceding any selection of Bonds to be redeemed or thereafter any Bonds selected, called or being called for redemption as a whole or the portion being redeemed of any Bonds selected, called or being called for redemption in part.

(d) No Bond may be transferred or exchanged in violation of any applicable federal or State securities laws.

(e) The Paying Agent shall not have any responsibility or liability for any actions taken or not taken by DTC. All transfers are subject to DTC requirements while the Bonds are held in book-entry form.

Section 2.11. Bonds Mutilated, Destroyed, Stolen or Lost. In the event that any Bond is mutilated, destroyed, stolen or lost, the Issuer shall execute and the Paying Agent shall authenticate and deliver, in lieu of any such mutilated, destroyed, stolen or lost Bond, a new Bond of like date, denomination and series as the Bond mutilated, destroyed, stolen or lost, but bearing a number not contemporaneously outstanding, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Paying Agent, and in the case of any such destroyed, stolen or lost Bond, there shall be first furnished to the Paying Agent evidence of such destruction, theft or loss satisfactory to the Paying Agent, together with indemnity in favor of the Paying Agent and the Issuer. The Paying Agent may charge the Holder of such Bond their reasonable fees and expenses in this connection. All such Bonds so surrendered to the Paying Agent shall be cancelled by the Paying Agent. In case any such mutilated, destroyed, stolen or lost Bond has become or is about to become due and payable, the Issuer shall, instead of issuing a new Bond, cause the Paying Agent to pay such Bond out of money held by the Paying Agent and available for such purpose. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, stolen or lost Bonds.

Section 2.12. Nonpresentment of Bonds. Except as otherwise provided by applicable law, in the event any Bond shall not be presented for payment when due, either at the Stated Maturity thereof, upon a Redemption Date, or otherwise, if money sufficient to pay such Bond shall have been made available to the Paying Agent pursuant to the provisions of this Paying Agent Agreement for the benefit of the Holder thereof, all liability of the Issuer to the Holder thereof for the payment of such Bond shall

forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his, her or its part under this Paying Agent Agreement or on, or with respect to, said Bond; provided that any funds which shall be so held by the Paying Agent and which remain unclaimed by the Holder of any Bond not presented for payment within two years after such date as upon which all of the Bonds shall have been fully paid or retired or provision for such payment has been made as provided in Article Seven hereof shall be paid to the Issuer, free of any trust or lien, and thereafter any such Holder shall look only to the Issuer for payment of such amount without interest thereon and the Paying Agent shall have no further responsibility with respect to such money.

Section 2.13. Description of the Book-Entry System.

(a) Notwithstanding any of the foregoing provisions of this Article Two or other provisions of this Paying Agent Agreement, the Bonds initially shall be issued in the form of a single authenticated fully registered Bond for each Stated Maturity of Bonds, representing the aggregate principal amount of the Bonds of such maturity, and the Bonds shall be governed by the provisions of this Section 2.13.

(b) Except as provided in this Section 2.13, all of the Outstanding Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC. With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer, the Paying Agent, and the Bond Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer, the Paying Agent, the Bond Registrar and any Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Participant or any other person, other than a Bondholder, as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Participant or any other person, other than a Bondholder, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer, the Paying Agent, and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the Holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Paying Agent Agreement. Upon delivery by DTC to the Issuer or the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Regular Record Dates, the words "Cede & Co." in this Paying Agent Agreement shall refer to such new nominee of DTC.

(c) The delivery by the Issuer of the Representation Letter shall not in any way limit the provisions of preceding paragraph of this Section or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondholders, as shown on the Bond Register kept by the Bond Registrar. The Paying Agent shall take all action

necessary for all representations of the Paying Agent in the Representation Letter with respect to the Paying Agent to be complied with at all times.

(d) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the Issuer and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Issuer, in its discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Issuer is obligated to deliver Bond certificates to the beneficial owners of the Bonds, as described herein, at its expense, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Paying Agent Agreement.

(e) Notwithstanding any other provision of this Paying Agent Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

(f) The Paying Agent is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Paying Agent Agreement.

Section 2.14. Limited Additional Bonds. The Issuer shall not issue additional bonds payable from Available Tax Increments other than bonds payable from Excess Available Tax Increments after payments required under Section 5.5(d) hereof so long as the Bonds are outstanding.

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ARTICLE THREE

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.1. Redemption. The Bonds are subject to redemption prior to maturity as follows:

(a) Optional Redemption. The Bonds maturing on or after February 1, 2026 may be redeemed at the option of the Issuer on or after February 1, 2025, on any date for which timely notice of redemption can be given, at a Redemption Price equal to the principal amount of the Bonds so redeemed plus interest accrued thereon to the Redemption Date. Optional redemption of the Bonds pursuant to this Section 3.1 may be conditioned on sufficient funds being deposited in the Bond Fund if this condition is stated in the notice of redemption. Otherwise, Bonds shall be subject to optional redemption pursuant to this Section 3.1 only if funds to implement such redemption are deposited in the Bond Fund on or before the date on which notice of redemption is required to be given by Section 3.6 hereof.

(b) Scheduled Mandatory Redemption. The Bonds maturing on February 1, 20__ are subject to scheduled mandatory redemption on the mandatory sinking fund redemption dates and in the principal amounts set forth in the following tables, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, subject to pro rata reduction of such scheduled mandatory redemption payments to the extent that such Bonds are redeemed prior to maturity otherwise than pursuant to such scheduled mandatory redemption:

Bonds Maturing February 1, 20__

<u>Payment Date</u>	<u>Principal Amount</u>
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*Stated Maturity

(c) No Other Redemption. Except as provided herein, the Bonds shall not be subject to redemption prior to their Stated Maturities.

Section 3.2. Election to Redeem; Notice to Paying Agent. In case of any redemption of Outstanding Bonds pursuant to Section 3.1(a) hereof, the Issuer shall notify the Paying Agent pursuant to an Issuer Order, at least forty-five (45) days prior to the Redemption Date fixed by the Issuer, of such Redemption Date and of the principal amount of Bonds to be redeemed.

Section 3.3. Selection of Bonds to be Redeemed.

(a) In the case of a partial redemption pursuant to Section 3.1(a) hereof, the Issuer shall select the Stated Maturities of the Bonds to be redeemed and the principal amount (in Authorized Denominations) to be redeemed from each Stated Maturity.

(b) The Paying Agent shall promptly notify the Issuer, in writing, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed, provided that any Bonds Outstanding after a partial redemption shall be in Authorized Denominations.

(c) For all purposes of this Paying Agent Agreement, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

(d) If less than all of the Bonds are to be redeemed other than in accordance with the scheduled mandatory redemption provisions of Section 3.1(b) hereof, the Bonds so redeemed shall be selected by maturity as set forth in subsection (a) above and the scheduled mandatory redemption requirements for each maturity described in Section 3.1(b) hereof shall be adjusted so that the resulting decrease in debt service on the Bonds (including scheduled mandatory redemption payments) during each six (6) month period commencing on each Interest Payment Date is proportional, as nearly as practicable.

Section 3.4. Notice of Redemption.

(a) Notice of redemption shall be given by first-class mail, postage pre-paid, mailed not less than thirty (30) prior to the Redemption Date, to each Holder of Bonds to be redeemed at the address of such Holder appearing in the Bond Register. Neither failure to give notice by mail to any Holder, nor any defect in any notice so mailed, shall affect the validity of the proceedings for redemption of the Bonds held by any Holder to which proper notice by mail has been given.

(b) All notices of redemption shall state (i) the Redemption Date; (ii) the Redemption Price; (iii) the principal amount of Bonds to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, specifying the CUSIP numbers of the Bonds to be redeemed and their registration number and Stated Maturity; (iv) that on the Redemption Date, the Redemption Price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after such date, provided that if redemption is conditioned on funds being deposited in the Bond Fund in an amount sufficient to effect such redemption, this condition shall be stated in the notice and if sufficient funds are not so deposited in the Bond Fund, the Bonds to be redeemed shall not be due and payable on the Redemption Date and interest shall continue to accrue thereon; and (v) the place or places where such Bonds are to be surrendered for payment of the Redemption Price.

Section 3.5. Bonds Payable on Redemption Date.

(a) Notice of redemption having been given as aforesaid, the Bonds to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date such Bonds shall cease to bear interest, except as otherwise provided herein in the case of a conditional redemption when insufficient funds are deposited in the Bond Fund to effect such redemption. Subject to the foregoing provision, upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the Redemption Price.

(b) If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date (and, if lawful, interest on overdue installments of principal, premium, if any, and interest) at the rate borne by said Bond.

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ARTICLE FOUR

COVENANTS OF THE ISSUER

Section 4.1. Payment of Principal and Interest. The Issuer covenants that it will promptly pay or cause to be paid from funds pledged to the Bond Fund the principal of and interest on every Bond at the place, on the dates and in the manner provided herein, in said Bond according to the terms hereof and thereof. The principal and interest are payable from the Available Tax Increment and other funds held in the funds and accounts established under this Paying Agent Agreement and are hereby specifically assigned and pledged to the payment thereof for the benefit of the Bondholders in the manner and to the extent herein specified, and nothing in the Bonds or in this Paying Agent Agreement shall be considered as assigning or pledging any other funds or assets of the Issuer for such purposes, except as expressly provided in this Paying Agent Agreement.

Section 4.2. Revenue Covenants. For the protection of the Holders of the Bonds, the Issuer herein covenants and agrees to and with the Holders thereof from time to time as provided in this Section:

(a) The Issuer shall not act or omit to act in any way that would deprive the Issuer of the right to receive Available Tax Increment revenues or use Available Tax Increment revenues as provided in this Paying Agent Agreement.

(b) The Issuer shall not pledge or encumber Available Tax Increment in any manner that would create a pledge, lien or encumbrance against the Available Tax Increment superior to, or on a parity with, the pledge of Available Tax Increment provided for in this Agreement. This covenant shall not be construed to preclude an expressly subordinate pledge of Available Tax Increment.

(c) The Issuer shall promptly determine the amount thereof that constitutes Tax Increment and Available Tax Increment and shall promptly deposit all Available Tax Increment to the Bond Fund.

(d) The Issuer will not change the method of computation of Tax Increment pursuant to Section 469.177, subdivision 3(c) of the Act, in such a way that the amount of Tax Increment revenues available to pay the Bonds will be reduced.

(e) The pledge of Available Tax Increment from any parcel within the TIF District may be released from the pledge to the Bonds under this Paying Agent Agreement upon a determination by the Issuer that, after such release, the Available Tax Increment is projected to be sufficient to produce debt service coverage for the Bonds of at least one hundred twenty percent (120%) as described in Section 4.3(ii) hereof.

Section 4.3. Debt Service Ratio Covenants. Within thirty (30) days following each Principal Payment Date, after the transfers of Available Tax Increment in accordance with the provisions of 5.5(b) and (c) are completed, the Issuer shall determine whether (i) Excess Available Tax Increment in the Tax Increment Account is equal to or exceeds an amount equal to twenty percent (20%) of the sum of the principal and interest due on the Bonds on such Principal Payment Date; and (ii) the projections of Available Tax Increment for each year of the remaining term of the Bonds equals or exceeds an amount equal to one hundred twenty percent (120%) of the future annual debt service on the Bonds for each year of the remaining term of the Bonds (collectively, the "Debt Service Ratio Covenants"). The calculations made to determine whether the Debt Service Ratio Covenants are satisfied shall be provided to the Underwriter and any Bondholder who has requested such calculations in writing within forty-five (45) days following each Principal Payment Date.

Section 4.4. Issuer's Performance and Issuer Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part contained in this Paying Agent Agreement and the Contract with respect to the Bonds executed, authenticated and delivered hereunder and in all proceedings of the Issuer pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds, to execute this Paying Agent Agreement, to assign and pledge the Available Tax Increment and other funds held in the funds and accounts established under this Paying Agent Agreement in the manner and to the extent herein set forth; that all actions on the Issuer's part for the issuance of the Bonds and the execution and delivery of this Paying Agent Agreement and the Contract have been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special, limited obligations of the Issuer according to the terms thereof.

Section 4.4. Obligations of Issuer as to Tax-Exempt Status of the Bonds.

(a) The Issuer makes the following representations with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes:

(i) In addition to the Bonds, no other obligations have been or are expected to be issued under Section 103 of the Code for sale within fifteen (15) days of the sale of the Bonds: (A) that are sold pursuant to the same plan of financing; and (B) that are payable in whole or part by the Issuer or otherwise have with the Bonds any common or pooled security for the payment of debt service thereon; or (C) which are otherwise treated as the same "issue of obligations" as the Bonds under Section 103(a) of the Code.

(ii) The Issuer will not use the proceeds of the Bonds in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To this end, the Issuer shall:

(A) maintain, or cause to be maintained, records identifying all gross proceeds (as defined in Section 148(f)(6)(B) of the Code) attributable to the Bonds and the yield derived from all investments thereof, including specifically earnings in excess of the yield on the Bonds and any earnings derived from the investment of such arbitrage profit;

(B) make, or cause to be made by a firm engaged by the Issuer to provide rebate services, as of the end of each fifth Bond Year (or so often as the Issuer shall determine or as may be required by the Treasury Regulations), a determination of the amount, if any, of earnings required by Section 148(f) of the Code to be paid to the United States by the Issuer as the rebate of arbitrage profits (hereinafter, the "Rebate Amount");

(C) as additional consideration for the purchase of the Bonds by the Underwriter and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay, or cause to be paid, to the United States at least once every five (5) Bond Years the amount, if any, which is required to be paid to the United States as the Rebate Amount, including the last installment which shall be made no later than sixty (60) days after the day on which the Bonds are paid in full;

(D) exercise reasonable diligence to assure that no errors are made in the calculations and payments required by clauses (B) and (C) above, and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under the Regulations; and

(E) retain, or cause to be retained, all records of the annual determination of the foregoing amounts until six (6) years after the Bonds have been fully paid.

In order to comply with the foregoing, the Issuer shall determine the Rebate Amount within thirty (30) days after the close of the fifth Bond Year and every five (5) years thereafter, while Bonds have not been paid (or such other time as may be required by the Treasury Regulations), and after payment in full of the Bonds. Upon each such determination, the Issuer shall credit a sum equal to the Rebate Amount to the Rebate Fund for payment to the United States. The Issuer may retain a law firm, accounting firm or other Person experienced in arbitrage and arbitrage rebate matters to perform calculations of Rebate Amounts, and the Issuer may rely in good faith upon the accuracy and compliance with law of the calculations of such Person selected with reasonable care by the Issuer. Nothing in this subsection shall be construed to preclude the Issuer from causing calculation of Rebate Amounts to be performed more frequently than as required herein.

(iii) The Issuer shall not, at any time prior to the final Maturity of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to this Section 4.5 because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield of the Bonds not been relevant to either party.

(iv) The Issuer shall file all informational returns required by Section 149(e) of the Code.

(v) No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (A) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, (B) as part of a reasonably required reserve or replacement fund not in excess of the least of (1) maximum principal and interest to become due on the Bonds in any Bond Year as of the date of issuance thereof, (2) one hundred twenty-five percent (125%) of the average principal and interest to become due on the Bonds in each Bond Year, or (3) ten percent (10%) of the original amount of proceeds of the Bonds (or in a higher amount which the Issuer establishes is necessary to the satisfaction of the Secretary of the Treasury of the United States), and (C) in addition to the above in an amount not greater than \$100,000. To this end, any proceeds of the Bonds and any sums from time to time held in the Funds for the Bonds (or any other Issuer account which will be used to pay debt service to become due on the Bonds) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments, after taking into account any applicable "temporary periods," minor portion or reserve made available under the federal arbitrage regulations. Money in the Funds for the Bonds shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

The proceeds of the Bonds shall not be invested in other tax-exempt obligations the interest on which is subject to alternative minimum tax under the Code, unless the Issuer has received an opinion of Bond Counsel to the effect that such investment will not jeopardize the tax-exempt status of the Bonds.

(vi) The Issuer hereby covenants not to use the proceeds of the Bonds, or to cause or permit them or any of them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

(vii) Notwithstanding any other provisions of this Paying Agent Agreement to the contrary, the Issuer shall not otherwise use any of the proceeds of the Bonds or take or fail to take any action the effect of which would cause interest on the Bonds to be included in gross income of the Holders thereof for federal income tax purposes.

(b) The obligations of the Issuer under this Section 4.5 shall survive the defeasance or payment in full of the Bonds.

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ARTICLE FIVE

FUNDS, APPLICATION OF AVAILABLE TAX INCREMENT AND OTHER MATTERS

Section 5.1. Establishment of Funds. The Issuer hereby establishes the following funds and accounts:

- (a) a Refunding Fund, including a Series 2010 Bonds Account and a Series 2010B TIF Note Account;
- (b) a Costs of Issuance Fund;
- (c) a Revenue Fund, including a Tax Increment Account and an Earnings Account;
- (d) a Bond Fund;
- (e) a Reserve Fund; and
- (f) a Rebate Fund.

Section 5.2. Application of Proceeds and Other Funds. On the Issue Date, the Issuer will receive proceeds of the Bonds in the amount of \$_____ (par amount of the Bonds, [plus original issue premium of \$_____,] [less original issue discount of \$_____,] less the Underwriter's discount of \$_____). On the Issue Date, the Issuer will also receive \$_____ transferred from the Reserve Fund established for the Series 2010 Bonds in the amount of \$_____. The Issuer shall deposit such funds as follows:

- (a) \$_____ to the Series 2010 Bonds Account of the Refunding Fund, along with \$_____ transferred from Reserve Fund established for the Series 2010 Bonds;
- (b) \$_____ to the Series 2010B TIF Note Account of the Refunding Fund;
- (c) \$_____ to the Costs of Issuance Fund;
- (d) \$_____ to the Bond Fund; and
- (e) \$_____ to the Reserve Fund.

Section 5.3. Refunding Fund. The Issuer shall deposit in the Refunding Fund the amounts referred to in Section 5.2(a) and (b) hereof. Any amounts earned on investment of the monies held in the Refunding Fund shall remain in such Fund. On the earliest date for which adequate notice of redemption can be given on or after the Issue Date, the amounts deposited in the respective accounts in the Refunding Fund on the Issue Date shall be applied to the redemption and prepayment of the Series 2010 Bonds and the Series 2010B TIF Note, respectively. The Issuer shall provide such notice of redemption as directed by the Issuer in order to provide for the redemption and prepayment of the Series 2010 Bonds and the Series 2010B TIF Note as soon as practicable on or after the Issue Date. Following the redemption and prepayment of the Series 2010 Bonds and the Series 2010B TIF Note, any remaining funds in the Refunding Fund shall be transferred to the Earnings Account of the Revenue Fund and the Issuer shall close the Refunding Fund.

Section 5.4. Costs of Issuance Fund. The Issuer shall deposit in the Costs of Issuance Fund the amounts referred to in Section 5.2(c) hereof. The Issuer shall use money on deposit to the credit of the Costs of Issuance Fund, on the Issue Date or as soon thereafter as practicable, to pay the costs of issuance. Amounts remaining on deposit in the Costs of Issuance Fund ninety (90) days after the Issue Date shall be transferred to the Earnings Account of the Revenue Fund. Upon such final disbursement, the Issuer shall close the Costs of Issuance Fund and transfer any remaining funds to the Earnings Account of the Revenue Fund.

Section 5.5. Revenue Fund.

(a) The Issuer shall deposit all Available Tax Increment received from the Issuer in the Tax Increment Account of the Revenue Fund and shall deposit all earnings on all amounts held by the Issuer from time to time in all Funds except the Refunding Fund (less the Rebate Amount, if any) into the Earnings Account of the Revenue Fund. There shall also be deposited into the Earnings Account of the Revenue Fund the amounts required by the terms of Sections 5.3 and 5.4 hereof to be transferred to the Earnings Account of the Revenue Fund.

(b) The Issuer shall, at least five (5) days before any Payment Date, (i) disburse any fees due and owing to the Paying Agent to the Paying Agent, first from the Earnings Account and then from the Tax Increment Account; (ii) disburse any amounts due and owing for any Rebate Amount to the Rebate Fund, or if the Issuer was required to pay the Rebate Amount, such amounts to the Issuer as reimbursement, first from the Earnings Account and then from the Tax Increment Account; and (iii) transfer from the Revenue Fund to the Bond Fund (to the extent available) such amount which is sufficient (together with amounts already on deposit in the Bond Fund, if any) for payment of all accrued interest and principal due on the Bonds on the next Payment Date, first from the Earnings Account and then from the Tax Increment Account.

(c) The Issuer shall, on each Payment Date, after making the transfers provided for in subsection (b), above, transfer from the Revenue Fund to the Reserve Fund, such amount as may be required so that the amount on deposit in the Reserve Fund after such transfer is equal to the Reserve Requirement. Such transfer to the Reserve Fund shall be made first from the Earnings Account and then from the Tax Increment Account.

(d) Pursuant to Section 4.3 hereof, on each Principal Payment Date, after the transfers of Available Tax Increment in accordance with the terms of subsections (b) and (c) above, if the Issuer determines that the Debt Service Coverage Covenants are satisfied, then all Excess Available Tax Increment shall be disbursed to the Issuer. On each Principal Payment Date, after the transfers of Available Tax Increment in accordance with the terms of subsections (b) and (c) above, if the Issuer determines that the Debt Service Coverage Covenants are not satisfied, then all Excess Available Tax Increment shall remain in the Tax Increment Account of the Revenue Fund. Excess Available Tax Increment returned to the Issuer may be used for any purpose for which tax increment may be used under the Act.

(e) Following the redemption date of the Series 2010 Bonds and the Series 2010B TIF Note, the Issuer shall transfer to the Tax Increment Account any and all remaining funds in the debt service funds it maintains for the Series 2010 Bonds and the Series 2010B TIF Note.

Section 5.6. Bond Fund.

(a) The Issuer shall deposit in the Bond Fund the amounts referred to in Section 5.2(d) hereof, if any. In addition, the Issuer shall deposit in the Bond Fund (i) amounts transferred from the

Revenue Fund pursuant to Section 5.5(b) hereof; and (ii) amounts transferred from the Reserve Fund pursuant to Section 5.7 hereof.

(b) The Issuer shall use amounts on deposit in the Bond Fund to pay principal of and interest on the Bonds when due, including the Redemption Price due on any Redemption Date and, to the extent lawful, any interest accrued on overdue installments of interest.

(c) The Issuer shall transfer any amount remaining in the Bond Fund on the Business Day following each Payment Date to the Earnings Account of the Revenue Fund.

Section 5.7. Reserve Fund.

(a) The Issuer shall deposit in the Reserve Fund the amounts referred to in Section 5.2(e) hereof, representing the Reserve Requirement. The Issuer shall also deposit in the Reserve Fund the amounts transferred from the Revenue Fund pursuant to Section 5.5(c) hereof in order to maintain the Reserve Requirement in the Reserve Fund.

(b) The Issuer shall transfer from the Reserve Fund to the Bond Fund on the day preceding any Payment Date, such amount which, together with amounts already on deposit in the Bond Fund (after amounts (if any) have been transferred from the Revenue Fund pursuant to Section 5.5(b) hereof), is required for the payment from the Bond Fund of interest and principal due on the next Payment Date.

(c) The Issuer shall transfer any amount in excess of the Reserve Requirement held in the Reserve Fund on the day after a Payment Date (i) to the Rebate Fund, to the extent such amount consists of any Rebate Amount; and (ii) to the Earnings Account of the Revenue Fund any other amounts.

Section 5.8. Rebate Fund.

(a) The Issuer shall establish and maintain a fund separate from any other fund established and maintained hereunder, designated as the Rebate Fund. The Issuer shall deposit in the Rebate Fund any Rebate Amount earned on the Funds described in, and pursuant to the provisions of, this Article Five. Subject to the transfer provisions provided, all money at any time deposited in the Rebate Fund shall be held by the Issuer in trust, to the extent required to satisfy the obligation of the Issuer to rebate arbitrage profits to the United States of America. Neither the Issuer nor the Holder of any Bonds shall have rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section.

(b) The Issuer shall transfer from the Rebate Amounts from the Funds to the Rebate Fund.

(c) The Issuer shall invest all amounts held in the Rebate Fund, pursuant to the provisions of this Section 5.8. The Issuer shall retain in the Rebate Fund all earnings on investments of amounts held in the Rebate Fund (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively). Money shall not be transferred from the Rebate Fund except as provided in subsection (d) below.

(d) The Issuer shall remit part or all of the balances in the Rebate Fund to the United States, as required by Section 148(a) of the Code at the written direction of the firm engaged by the Issuer to provide rebate services. If on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, the Issuer will deposit money into or transfer money out of the Rebate Fund to the extent of such excess from or into such accounts or Funds. Any Funds remaining in the Rebate Fund after redemption and payment of all of the Bonds, and receipt of evidence from the firm

engaged by the Issuer to perform rebate services that any Rebate Requirement has been paid, and satisfied, shall be withdrawn and remitted to the Issuer.

(e) Notwithstanding any other provision of this Paying Agent Agreement, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of this Section shall survive the defeasance or payment in full of the Bonds.

(f) Notwithstanding any provision of this Section, if the Issuer obtains an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest with respect to the Bonds pursuant to Section 103 of the Code, the Issuer may rely conclusively on such opinion in complying with the provisions hereof.

Section 5.9. Priority of Payments to Cure Deficiency in Bond Fund. Notwithstanding any provisions in this Paying Agent Agreement to the contrary, if at any time sums in the Bond Fund are insufficient to pay the principal of or interest on Bonds due and unpaid or payable within two (2) days, such deficiency shall be cured first from amounts on deposit in the Revenue Fund and then from amounts on deposit in the Reserve Fund.

Section 5.10. Investments. Money held for the credit of any Fund established by this Article Five shall be invested as received and reinvested by the Issuer in Permitted Investments only; provided that any money credited to the Reserve Fund shall be invested in instruments with a maturity no longer than five years. The Issuer covenants and certifies for the benefit of the Purchaser and Holders of the Bonds from time to time Outstanding that money on deposit in any Fund, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

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ARTICLE VI

DISCHARGE OF LIEN

Section 6.1. Defeasance. When all Bonds have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution to the Holders shall, to the extent permitted by law, cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Paying Agent on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Paying Agent a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The Issuer may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Paying Agent on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

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ARTICLE VII

THE PAYING AGENT

Section 7.1. Duties of Paying Agent. The duties and obligations of the Paying Agent as provided herein shall include the following: (i) act as paying agent, authenticating agent, registrar, and transfer agent for the Bonds; (ii) maintain a list of Holders as set forth herein and provide the Issuer with such list upon request; (iii) effect Bond transfers and related administration in compliance with Securities and Exchange Commission regulations for the transfer of registered securities, if applicable; (iv) maintain a certificate inventory secured on bank premises if requested by the Issuer; (v) maintain files on securities reported lost or stolen; (vi) issue replacement certificates for lost or stolen securities when properly indemnified; (vii) coordinate the transfer of funds from the Issuer to include advance billing for debt service requirements; (viii) disburse semiannual interest payments and principal payments to Holders as due upon the receipt of debt service funds; (ix) cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer; and (x) effect call and redemption provisions as directed by the Issuer as provided for herein.

Section 7.2. Fees, Charges, and Expenses of Paying Agent. The Paying Agent shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered hereunder and all necessary advances, counsel fees, and other expenses reasonable or necessarily made or incurred by it in connection with such service. .

Section 7.3. Resignation of Paying Agent. The Paying Agent may at any time resign as Paying Agent by giving thirty (30) days written notice by registered or certified mail to the Issuer and the Holders. Such resignation shall take effect upon the appointment of a successor by the Issuer and such successor's acceptance of such appointment.

Section 7.4. Covenants of Issuer. The Issuer covenants and agrees with the Paying Agent as follows:

(a) The Paying Agent shall have no responsibility or liability whatsoever for (i) any of the recitals herein or in any of the Bonds, (ii) the performance of or compliance with any covenant, condition, term, or provision of this Agreement, and (iii) any undertaking or statement of the Issuer hereunder of under this Agreement

(b) All payments to be made by, and all acts and duties required to be done by, the Paying Agent under the terms and provisions of this Agreement, shall be made and done by the Paying Agent without any further direction or authority of the Issuer; provided, however, that with respect to any payments, that collected funds sufficient to make the respective payments are on deposit with the Paying Agent.

(c) The Paying Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful misconduct, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall it be deemed to have failed to take any such action, unless and until it shall have been directed and indemnified by the party requesting that certain actions be taken to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree, or recovery be obtained by the Paying

Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree, or recovery.

(d) The obligations and duties of the Paying Agent are confined to those specifically enumerated in this Agreement. The Paying Agent shall not be subject to, nor be under any obligation to ascertain or construe the terms and conditions of any other instrument, whether or not now or hereafter deposited with or delivered to the Paying Agent, or referred to in this Agreement, nor shall the Paying Agent be obligated to inquire as to the form, execution, sufficiency, or validity of any such instrument, nor to inquire as to the identity, authority, or rights of the person or persons executing or delivering the same.

(e) The Paying Agent shall not be personally liable for any act which it may do or omit to do hereunder in good faith and in the exercise of its own best judgment.

(f) The Paying Agent may consult with counsel. Any act done or omitted by the Paying Agent pursuant to the advice of its counsel shall be deemed conclusively to have been performed or omitted in good faith by the Paying Agent.

(g) The Paying Agent may rely and shall be protected in acting upon any certificate, instrument, opinion, notice, letter, telegram, or any other document or security delivered to the Paying Agent and believed by it to be genuine and to have been signed by the proper party of parties.

(h) The Issuer covenants and agrees to indemnify and to hold the Paying Agent harmless from and against all costs, damages, judgments, attorneys' fees (whether such attorneys shall be regularly retained or specially employed), expenses, obligations, and liabilities of every kind and nature which the Paying Agent may incur, sustain, or be required to pay in connection with or arising out of this Agreement, and to pay to the Paying Agent on demand the amount of all such costs, damages, judgments, attorneys' fees, expenses, obligations, and liabilities.

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ARTICLE VIII

MISCELLANEOUS

Section 8.1. Rights Under Paying Agent Agreement. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Paying Agent Agreement or the Bonds is intended or shall be construed to give any Person other than the parties hereto, and the Holders of the Bonds, any legal or equitable right, remedy, or claim under or with respect to this Paying Agent Agreement or any covenants, conditions and provisions herein contained; this Paying Agent Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds hereby secured as herein provided.

Section 8.2. Severability.

(a) If any provision of this Paying Agent Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative or unenforceable to any extent whatever.

(b) The invalidity of any one or more phrases, sentences, clauses, subsections, or paragraphs contained in this Paying Agent Agreement shall not affect the remaining portions of this Paying Agent Agreement or any part thereof.

Section 8.3. Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when delivered personally or mailed by first class mail, postage prepaid, with proper address as indicated below. The Issuer and the Paying Agent may, by written notice given by each to the other, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Paying Agent Agreement. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer: Economic Development Authority in and for the
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345
Attention: Executive Director

To the Paying Agent: Bond Trust Services Corporation
Suite 110
3060 Centre Pointe Drive
Roseville, MN 55113
Attention: _____

Section 8.4. Counterparts. This Paying Agent Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.5. Limitation of Liability of Issuer and Its Officers, Employees and Agents. TO THE EXTENT PERMITTED BY LAW, NO PROVISION, COVENANT OR AGREEMENT CONTAINED IN THIS PAYING AGENT AGREEMENT OR THE BONDS OR ANY OBLIGATION HEREIN OR THEREIN IMPOSED UPON THE ISSUER, OR THE BREACH THEREOF, SHALL CONSTITUTE OR GIVE RISE TO OR IMPOSE UPON THE ISSUER OR ANY OF THEIR OFFICERS, EMPLOYEES OR AGENTS A PECUNIARY LIABILITY OR A CHARGE UPON THE ISSUER'S GENERAL CREDIT OR TAXING POWERS.

Section 8.6. Amounts Remaining in Funds. Any amounts remaining in the Funds and administered by the Paying Agent, after adequate provision has been made to discharge the Bonds, shall belong to and be paid to the Issuer.

Section 8.7. Required Approvals. Consent and approvals required by this Paying Agent Agreement to be obtained from the Issuer or Paying Agent shall not be unreasonably withheld or delayed. In no event shall consent be deemed unreasonably delayed or withheld if such consent is conditioned on first securing any Bondholders' consent when such prior consent is permitted or required under this Paying Agent Agreement to be secured.

Section 8.8. Rule of Construction. Notwithstanding any provisions herein to the contrary, nothing herein shall be construed as abrogating or otherwise qualifying any non-eligible rights and duties vested in the Issuer under the Act and any other laws so as to prevent the Issuer from fully exercising all such rights and duties as contemplated in the Act or such other laws.

Section 8.9. Indemnity. To the extent authorized by law, the Issuer shall indemnify and hold harmless the Paying Agent against any and all loss, damage, claims, expense and liability arising out of or in connection with the acceptance of administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Issuer, any bondholder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder except to the extent that such loss, damage, claim, expense or liability is determined by a court of competent jurisdiction to have been caused solely by the Paying Agent's negligence or willful misconduct.

Section 8.10. Governing Law. This Paying Agent Agreement shall be construed in accordance with and governed by the laws of the State, except that the laws of the United States of America shall apply to the extent such federal laws preempt State law, or address subjects not governed by State law, or to the extent provisions of this Paying Agent Agreement are intended to provide for compliance with the Code.

IN WITNESS WHEREOF, the Issuer and the Paying Agent have executed this Paying Agent Agreement as of the date and year first written above.

**ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF MINNETONKA,
MINNESOTA**

President

Executive Director

Execution page of the Paying Agent to the Paying Agent Agreement, dated as of the date and year first written above.

U.S. BANK NATIONAL ASSOCIATION

Vice President

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN

No. R-_____ \$ _____

**Economic Development Authority in and for the
City of Minnetonka
Tax Increment Revenue Refunding Bond
(Glen Lake Project)
Series 2017**

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
February 1, 20____		December ____, 2017	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth but only out of its Bond Fund (the "Bond Fund"), the principal amount specified above, on the stated maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2018, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the Date of Original Issue. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation, as Paying Agent (the "Paying Agent," which term includes any successor to its functions under the Paying Agent Agreement hereinafter referred to), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft drawn upon the Paying Agent mailed (or under certain conditions specified in the Paying Agent Agreement sent by wire transfer) to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Paying Agent and at the address appearing thereon at the close of business on the fifteenth day of the calendar month preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and interest on this Bond are payable in lawful money of the United States of America.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

This Bond is one of an issue in the aggregate principal amount of \$4,530,000 (the “Bonds”), all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination, and redemption privilege, issued under and equally and ratably secured and entitled to the protection given by an Paying Agent Agreement, dated as of December 1, 2017 (the “Paying Agent Agreement”), between the Issuer and Paying Agent. The Bonds are issued and secured under and pursuant to Minnesota Statutes, Chapter 469, as amended and Laws of Minnesota 2009, Chapter 88, Article 5, Section 15 (the “Act”), and other applicable law. Reference is made to the Paying Agent Agreement, including all Paying Agent Agreements supplemental thereto, for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and Paying Agent and the rights of the Holders of the Bonds, and the terms upon which the Bonds are issued and secured. The Bonds are issued by the Issuer pursuant to the Act to provide funds to be used to redeem and prepay the Series 2010 Bonds and the Series 2010B TIF Note. Capitalized terms which are used but not defined herein shall have the same meanings given them in, or pursuant to, the Paying Agent Agreement.

The Bonds are subject to redemption as follows:

(a) Optional Redemption. The Bonds maturing on or after February 1, 2026 may be redeemed at the option of the Issuer on or after February 1, 2025, on any date for which timely notice of redemption can be given, at a Redemption Price equal to the principal amount of the Bonds so redeemed plus interest accrued thereon to the Redemption Date. Optional redemption of the Bonds may be conditioned on sufficient funds being deposited in the Bond Fund if this condition is stated in the notice of redemption. Otherwise, Bonds shall be subject to optional redemption only if funds to implement such redemption are deposited in the Bond Fund on or before the date on which notice of redemption is required to be given.

(b) Scheduled Mandatory Redemption. The Bonds maturing on February 1, 20__ are subject to scheduled mandatory redemption on the mandatory sinking fund redemption dates and in the principal amounts set forth in the Paying Agent Agreement.

In the case of redemption of less than all Bonds Outstanding pursuant to paragraph (a) above, the Bond Registrar shall select the maturities of the Bonds to be redeemed, and the principal amount (in increments of \$25,000 and integral multiples of \$5,000 in excess of \$25,000) to be redeemed from each maturity. If less than all of the Outstanding principal amount of the Bonds of a specific maturity are to be redeemed, the specific Bonds to be redeemed shall be selected by the Paying Agent at random or in such manner as the Paying Agent shall deem fair and appropriate in increments of \$25,000 and integral multiples of \$5,000 in excess of \$25,000.

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) nor more than forty-five (45) days prior to the Redemption Date, to each Holder of Bonds to be redeemed at the address of the Holder appearing in the Bond Register. No defect in or failure to give notice by mail to any Holder shall affect the validity of the proceedings for redemption of any Bond held by any Holder to which proper notice by mail has been given. If notice by publication is required by law, the Paying Agent shall cause publication to be made in the form and at the time provided by law. All notices of redemption shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the principal

amount of Bonds to be redeemed and the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, specifying their CUSIP number, their registration number and Maturity Date; (iv) that on the Redemption Date, the Redemption Price will be due and payable upon each Bond, and interest will cease to accrue from and after such date (unless, under a redemption conditioned on sufficient funds, such condition is not met); and (v) the place or places where such Bonds are to be surrendered for payment.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Minnesota, particularly the Act, and pursuant to a resolution adopted by the Board of Commissioners of the Issuer (the "Board") on November 13, 2017 (the "Resolution"). The Bonds are special obligations payable solely from Available Tax Increment and certain other funds pledged to the payment of the Bonds and interest thereon.

The Bonds are issued by the Issuer to aid in refinancing a project under the Act. The Bonds do not constitute a general or moral obligation of the State of Minnesota or its political subdivisions, including the Issuer. The Bonds, including interest thereon, are payable solely from the revenues and assets expressly pledged to the payment thereof. The Bonds shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness.

The Holder of this Bond shall have no right to enforce the provisions of the Paying Agent Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Paying Agent Agreement, or to institute, appear in or defend any suit or other proceedings with respect thereto unless an Event of Default as defined in the Paying Agent Agreement shall have occurred and the Paying Agent shall have failed or refused to exercise the remedies granted to it in the Paying Agent Agreement or to institute such action, suit or proceeding in its own name within a reasonable time after the Issuer shall have offered the Paying Agent indemnity and requested in writing that the Paying Agent exercise its powers granted in the Paying Agent Agreement or institute such action, suit or proceeding in its own name, all as is more fully provided in the Paying Agent Agreement; provided, however, that nothing shall impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on this Bond to the Holder hereof at the time and place, from the source and in the manner provided in this Bond. Modifications or alterations of the Paying Agent Agreement, or of any Paying Agent Agreement supplemental thereto, may be made only to the extent and in the circumstances permitted by the Paying Agent Agreement.

As provided in the Paying Agent Agreement and subject to certain limitations therein set forth, this Bond is transferable by the Holder in person or by its attorney duly authorized in writing at the principal office of the Paying Agent upon presentation and surrender hereof to the Paying Agent, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and Paying Agent duly executed by, the Holder hereof or its attorney duly authorized in writing. Thereupon the Issuer shall execute and the Paying Agent shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation) of the same series, of an authorized denomination or denominations, for the same aggregate principal amount and of the same stated maturity and interest rate.

The Bonds are issued as fully registered bonds in the denomination of \$25,000 and integral multiples of \$5,000 in excess of \$25,000. The Bonds are exchangeable for one or more Bonds of the same series, aggregate principal amount, interest rate and maturity date, upon surrender thereof by the Holder at the principal office of the Paying Agent, in the manner and upon payment of the charges provided in the Paying Agent Agreement.

The Paying Agent may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be made in connection with the transfer or exchange of this Bond.

The Issuer, Paying Agent and any agent of the Issuer or Paying Agent may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and the Issuer, Paying Agent and agents of the Issuer or Paying Agent shall not be affected by notice to the contrary.

The Board has designated this issue of Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Paying Agent Agreement unless the Certificate of Authentication hereon shall have been executed by the Paying Agent.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the execution and delivery of the Paying Agent Agreement and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other obligations of the Issuer outstanding on the Date of Original Issue hereof and on the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the Economic Development Authority in and for the City of Minnetonka, Minnesota, has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its President and Executive Director, as of the Date of Original Issue.

**ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF MINNETONKA,
MINNESOTA**

President

Executive Director

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Paying Agent Agreement.

Date of Registration:

BOND TRUST SERVICES CORPORATION

By _____
Responsible Agent

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Bond on the books kept for
registration thereof, with full power of substitution in the premises.

Dated: _____

Please Insert Social Security Number or
Other Identifying Number of Assignee.

Notice: The signature to this assignment must
correspond with the name as it appears on the face
of this Bond in every particular, without alteration
or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities
Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the
New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature
guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP,
SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee
requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond is held by
joint account.)