

AGENDA
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Monday, September 29, 2008

Please note day, time, & locations

5:15 p.m.



Mezzanine Conference Room
Minnetonka City Hall, Upper Level

1. Call to Order.

2. Roll Call:	Ellen Cousins	Brad Wiersum
	Dan Duffy	Tony Wagner
	Bunny Robinson	Bill Yaeger
	Peter St. Peter	

BUSINESS ITEMS

3. Issuance of notes for Glenhaven TIF District.

Action: approve the issuance of notes.

4. Other Business.

The City-Wide Open House will be Tuesday, October 7 from 5-8 p.m.

The next regular EDA meeting will be Tuesday, October 14, 2008.

5. Adjourn.

**The mission of the Economic Development Authority is to advise
the City Council on matters related to affordable housing, redevelopment,
and economic development.**

**Economic Development Authority Agenda Item #3
Meeting of September 29, 2008**

Brief Description: Issuance of notes for Glenhaven TIF District

Recommended Action: Approve the issuance of notes

Background

In 2006, the city of Minnetonka entered into a redevelopment agreement with Glen Lake Redevelopment LLC, and that agreement was subsequently amended in 2007. The development agreement provided for the issuance of TIF notes, and the developer has now requested that such notes be issued.

TIF notes are commonly issued to developers, stating that the tax increment being created by the development will be paid as determined by the repayment schedule in the development agreement. Developers then utilize these notes to secure private financing to reimburse expenses already incurred for the project.

Project Schedule

The following provides an overview of several agreements pertaining to the Glen Lake redevelopment project and the status of the component:

Contract for Private Redevelopment (Dated May 15, 2007)

Phase I (Site B)—The Exchange

To begin 120 days after land assembly if condemnation is required, or June 30, 2007 (whichever is later) and completed within 18 months.

- Building permit issued May 18, 2007.
- Construction to be completed by November 18, 2008.
 - Construction completed May 2008.

Phase II (Site C)—Kinsel Point

To begin 120 days after land assembly if condemnation is required, or December 31, 2007 (whichever is later) and completed within 18 months.

- No permit has been issued.
- If begin December 31, 2007, then must be complete by June 30, 2009.
- City Council granted an extension on December 17, 2007 that the site plan is approved until December 31, 2008.

Phase III (Site A)

To begin 120 days after land assembly if condemnation of leasehold interests is required or not later than one year after completion of Phase II (whichever is later). To be completed within 18 months if there is one building or 24 months if there are two buildings. Demolition is to be completed prior to December 31, 2008. If minimum improvements are not scheduled to begin within 60 days after demolition, then interim landscaping must be completed by December 31, 2008.

- No permit has been issued.
- Demolition must be completed by December 31, 2008.
 - Demolition was completed by June 30, 2008.
 - Interim landscaping must be completed by December 31, 2008.
- If the redeveloper does not begin the minimum improvements on Phase III by December 31, 2008 the city has the option to purchase the property. If the city decides to purchase the property its option expires on December 31, 2011.

Gold Nugget (Agreement signed May 15, 2007)

This agreement was put into place when the Gold Nugget restaurant was planned to be located north of the grocery store. Per the agreement, construction is to be completed 180 days after demolition deadline. On April 7, 2008, the city council approved a new plan in which the Dragon Jade will be located north of the grocery store, and the Gold Nugget will be located in the one remaining commercial tenant space at The Exchange.

- Parking approvals were granted, but no permits have been issued to finish the Gold Nugget's tenant space at The Exchange.
- Construction work is nearing completion for the Dragon Jade.

Additional Security

The existing redevelopment agreement sets forth the city's security in the event of a default by the developer. The two remaining initial items involve opening the Gold Nugget and landscaping the demolition site north of the grocery store. Both of these items are required to be completed prior to the end of the year. The developer has requested that he not be required to install the landscaping north of the grocery store because he anticipates development on the site in the near future. Staff is willing to accept a temporary installation for erosion control if the longer-term landscaping is installed no later than June 30, 2009 if no development proceeds.

Because of this request and because the developer is requesting that the TIF note be issued prior to completion of these two items, staff believes it advisable to execute a side agreement. The side agreement would incorporate the landscaping compromise and require additional security prior to issuance of the note. This supplemental

agreement, which would be in addition to the various requirements of the existing redevelopment agreement, would allow the city to assess an additional penalty if the Gold Nugget restaurant is not open and the two-phase landscaping on the Phase III site is not completed by December 31, 2008 and June 30, 2009. The penalty would be a reduction in the allowed developer's profit of approximately \$1500 per day. Staff believes this additional performance surety will provide timely completion of the restaurant and landscaping.

Recommendation

Staff recommends the EDA adopt the resolution and supplemental contract on pages A1-A7, and adopt the resolution approving the issuance of the TIF note found on pages A8-A18.

Submitted through:

John Gunyou, City Manager

Originated by:

Julie Wischnack, AICP, Community Development Director

RESOLUTION NO. _____

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

RESOLUTION APPROVING AN AGREEMENT ENTERED INTO IN CONJUNCTION WITH THE AMENDED AND RESTATED CONTRACT FOR PRIVATE REDEVELOPMENT BETWEEN THE CITY OF MINNETONKA, THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, AND GLEN LAKE REDEVELOPMENT LLC

BE IT RESOLVED By the Board of Commissioners ("Board") of the Economic Development Authority in and for the City of Minnetonka, Minnesota ("Authority") as follows:

WHEREAS, the Authority has approved the creation of the Glenhaven Tax Increment Financing District (the "TIF District") within the housing development and redevelopment project known as the Glen Lake Housing Development and Redevelopment Project, and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Project; and

WHEREAS, the Authority executed an Amended and Restated Contract for Private Redevelopment (the "Contract"), dated May 15, 2007, between the Authority, the City of Minnetonka (the "City"), and Glen Lake Redevelopment LLC ("Redeveloper"), which set forth the terms and conditions of the housing and commercial redevelopment project to be constructed by the Redeveloper (the "Redevelopment Project") within the TIF District; and

WHEREAS, the purpose of the Contract is to facilitate redevelopment of the property within the TIF District and provide affordable housing in the area, which will promote economic development, increase the City's tax base, and encourage redevelopment of land with obsolete land use and substandard buildings within the City; and

WHEREAS, to address changes the housing market, timing of construction, and other development details for the Redevelopment Project, the parties have determined to enter into an Agreement Entered into in Conjunction with the Amended and Restated Contract (the "Side Agreement"), with the intention that certain provisions of the Contract will be renegotiated and amended as more fully described in the Side Agreement; and

WHEREAS, the Board has reviewed the Side Agreement and finds that the execution thereof and performance of the Authority's obligations thereunder are in the best interest of the City and its residents; and

WHEREAS, pursuant to the Side Agreement, the Authority has agreed to issue its Taxable Tax Increment Revenue Note, Series 2008 (the "TIF Note") and the Redeveloper wants to collaterally assign the TIF Note and its interest in the Contract to a bank as security for a commercial loan; and

WHEREAS, the form of a Collateral Assignment of Development Agreement and TIF Note is currently on file with the Authority; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka as follows:

1. The Side Agreement is approved. The President and Executive Director are authorized and directed to execute the Side Agreement and any other documents or certificates necessary to carry out the transactions described in the Side Agreement.
2. The Side Agreement is approved in substantially the form on file in City Hall, subject to modifications that do not alter the substance of the transaction and are approved by the President and Executive Director; provided that execution of the document will be conclusive evidence of their approval.
3. The President and Executive Director are authorized and directed to execute the a collateral assignment of the TIF Note and Contract, in substantially the form on file in City Hall, subject to modifications that do not alter the substance of the transaction and are approved by the President and Executive Director; provided that execution of the document will be conclusive evidence of their approval.

Approved by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka this 29th day of September, 2008.

President

ATTEST:

Secretary

Final Draft
September 24, 2008

AGREEMENT ENTERED INTO IN CONJUNCTION WITH THE
AMENDED AND RESTATED CONTRACT FOR PRIVATE REDEVELOPMENT

BETWEEN

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

CITY OF MINNETONKA

GLEN LAKE REDEVELOPMENT, LLC,

This Agreement Entered into in Conjunction with the Amended and Restated Contract for Private Redevelopment (the "Agreement"), is entered into between the Economic Development Authority in and for the City of Minnetonka, a political subdivision organized and existing under the laws of the State of Minnesota with offices at 14600 Minnetonka Boulevard, Minnetonka, Minnesota (the "Authority"), the City of Minnetonka, a Minnesota municipal corporation with offices at 14600 Minnetonka Boulevard, Minnetonka, Minnesota (the "City") and Glen Lake Redevelopment, LLC, a limited liability company organized under the laws of Minnesota with offices at 28120 Boulder Bridge Drive, Excelsior, Minnesota 55331 (the "Redeveloper").

This Agreement is acknowledged and consented to by The Exchange Development LLC, a limited liability company organized under the laws of Minnesota with offices at 28120 Boulder Bridge Drive, Shorewood, Minnesota, 55331 (the "Phase I Affiliate") and Kinsel Point Development LLC is a limited liability company organized under the laws of Minnesota with offices located at 28120 Boulder Bridge Drive, Shorewood, Minnesota, 55331 (the "Phase II Affiliate"). Any notices to the Phase I Affiliate or the Phase II Affiliate shall also be provided to Norm Bjornnes, 401 Groveland Ave, Minneapolis, Minnesota 55403.

BACKGROUND

The City, the Authority and the Redeveloper previously entered into an Amended and Restated Contract for Private Development, dated May 15, 2007 (the "Contract"), which relates to the requirements of the redevelopment on the Phase I, Phase II, and Phase III Properties (as described in the Contract) and the requirements for receiving financial assistance from the City and Authority to reimburse the Redeveloper for a portion of the costs of such redevelopment. The Contract was acknowledged and consented to by the Phase I Affiliate and the Phase II Affiliate.

The City and the Redeveloper also previously entered into an Agreement Regarding Relocation of the Gold Nugget Restaurant, dated May 15, 2007 (the "Gold Nugget

Agreement”), relating to the requirements of the relocation of the Gold Nugget Restaurant by the Redeveloper.

The Redeveloper has requested that the Authority issue a taxable tax increment revenue note secured by the tax increment produced by the Phase I Property, the Phase II Property, and redevelopment thereon (the “TIF Note). The Redeveloper plans to use the TIF Note as security for a commercial loan (the “Loan”) to be obtained by Redeveloper from private financing sources (which Loan shall be guaranteed solely by the Redeveloper and shall not be guaranteed by the City or the Authority).

Although the full redevelopment required by the Contract likely will not occur as originally contemplated by the parties, the Authority has agreed to issue the TIF Note subject to certain terms and conditions described herein.

The parties have determined to renegotiate certain provisions of the Contract in good faith, in recognition of the unique circumstances in the housing and financing markets. The parties agree to use their best efforts to complete this renegotiation by no later than December 31, 2008.

The parties desire to enter into this Agreement setting forth the conditions and terms regarding the TIF Note and describing their respective responsibilities during the period in which the City, the Authority, and the Redeveloper will renegotiate the Contract.

NOW THEREFORE the Authority, City and Redeveloper hereby mutually agree as follows:

1. The Authority will issue the TIF Note in the amount of \$2,478,237.28 at a rate of 6.75%, in substantially the form set forth in the authorizing resolution attached hereto as Exhibit A (approved by the Authority simultaneously with approval of this Agreement).
2. The Redeveloper shall relocate the Gold Nugget restaurant in the commercial portion of Phase I (as previously approved by the City). The Redeveloper shall complete the build out of the Gold Nugget space as provided in the Gold Nugget Agreement (such build out to be demonstrated by issuance of the City’s Certificate of Occupancy) no later than December 31, 2008. The Redeveloper shall open the Gold Nugget restaurant no later than December 31, 2008, and remain open in continuous operation thereafter.
3. The Redeveloper shall complete temporary landscaping on the Phase III Property by no later than December 31, 2008. The Redeveloper must complete the interim landscaping required by Section 4.3 of the Contract on the Phase III Property no later than June 30, 2009.
4. Subject to the Contract provision for Unavoidable Delays consistent with Section 9.2(c) of the Contract, the failure to timely and satisfactorily complete the requirements in paragraph 2 and 3 above will be an Event of Default as defined in the

Contract and the penalty provided in paragraph 5 shall apply, in addition to any other remedies available to the Authority or the City. The failure to complete the requirements in paragraph 2 will be considered an Event of Default with respect to Phase III.

5. As an additional remedy for failure to comply with the requirements of paragraphs 2 and 3 above, the Authority may reduce the financial assistance provided to the Redeveloper as described in this paragraph. For purposes of conducting the so-called lookback for the Redeveloper as a master redeveloper in Section 3.7(b) of the Contract, the allowance for Redeveloper's profit in Schedule H will be reduced by an amount equal to .3% (three-tenths of one percent) for each day that the Redeveloper fails to meet the requirements in paragraphs 2 or 3 after the notice and opportunity to cure provided in Section 9.2 of the Contract.

6. This agreement supplements and amends the Contract and the Gold Nugget Agreement; in the event of any inconsistencies between those agreements and this Agreement, this Agreement controls.

(Remainder of this page intentionally left blank.)

By the signatures below the Redeveloper, the City, and the Authority mutually agree to the terms and conditions identified herein this _____ day of September, 2008.

GLEN LAKE REDEVELOPMENT, LLC

By: _____
Its _____

CITY OF MINNETONKA, MINNESOTA

By: _____
Its Mayor

By: _____
Its City Administrator

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

By _____
Its President

By _____
Its Executive Director

This Agreement is acknowledged and consented to by the undersigned as a permitted Assignee:

THE EXCHANGE DEVELOPMENT LLC

By _____
Its Chief Manager

This Agreement is also acknowledged and consented to by the undersigned as a permitted Assignee:

KINSEL POINT DEVELOPMENT LLC

By _____
Its Chief Manager

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

RESOLUTION NO. _____

**RESOLUTION AWARDING THE SALE OF, AND PROVIDING THE FORM,
TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS
\$2,478,237.28 TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2008**

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”) as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The Authority and the City of Minnetonka have heretofore 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. In connection with the TIF District, the Authority and City have approved an Amended and Restated Contract for Private Redevelopment, dated May 15, 2007 (the “Agreement”), between the Authority, the City, and Glen Lake Redevelopment LLC (the “Redeveloper”) and the Agreement Entered into in Conjunction with the Amended and Restated Contract for Private Redevelopment, dated on or after September 1, 2008 between the Authority, the City, the Redeveloper (the “Side Agreement”).

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public development 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. The Authority hereby finds and determines that it is in the best interests of the Authority that it issue and sell its Taxable Tax Increment Revenue Note in the maximum principal amount of \$2,478,237.28 (the “Note”) for the purpose of financing certain public redevelopment costs of the Project.

1.03. Issuance, Sale, and Terms of the Note. The Authority hereby delegates to the Executive Director the determination of the date on which the Note is to be delivered, in accordance with the Agreement. The Note shall be issued to Glen Lake Redevelopment LLC (“Owner”). The Note shall be dated as of August 1, 2008, shall mature no later than February 1, 2023 and shall bear interest at the rate of 6.75 percent per annum from the date of the Note to the earlier of maturity or prepayment. The Note is issued substantially in accordance with Section 3.6 of the Agreement, provided that (a) the Note is dated as of approximately the date of acceptance by the Authority of Public Redevelopment Costs submitted by Glen Lake Redevelopment LLC in at least the principal amount of the Note, in accordance with Section 3.6 of the Agreement, (b) no registration of Principal Advances (as described in the Agreement) is required because Public Redevelopment Costs have been submitted in the principal amount of

the Note as of the date of issuance; and (c) the Authority has determined that is appropriate to issue this Note secured solely by Available Tax Increment from the Phase I Property and Phase II Property.

Section 2. Form of Note. The Note shall be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN
ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

No. R-1 \$2,478,237.28

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 2008

<u>Rate</u>	<u>Date of Original Issue</u>
6.75%	August 1, 2008

The Economic Development Authority in and for the City of Minnetonka (“Authority”) for value received, certifies that it is indebted and hereby promises to pay to Glen Lake Redevelopment LLC or registered assigns (the “Owner”), solely from the sources and in the manner hereinafter provided, the principal sum of \$2,478,237.28 (the "Principal Amount"), as provided in the Agreement defined hereafter, together with interest on the unpaid balance thereof accrued from the date of original issue hereof at the rate of 6.75 percent per annum (the "Stated Rate"). This Note is given in accordance with that certain Amended and Restated Private Redevelopment, dated as of May 15, 2007 (the “Agreement”), between the Issuer, the City of Minnetonka and Glen Lake Redevelopment LLC (the “Redeveloper”), the Agreement Entered into in Conjunction with the Amended and Restated Contract for Private Redevelopment, dated on or after September 1, 2008 (the “Side Agreement”), between the Authority, the City, and the Redeveloper, and the authorizing resolution (the “Resolution”) duly adopted by the Authority on _____ 2008. Capitalized terms used and not otherwise defined herein have the meaning provided for such terms in the Agreement unless the context clearly requires otherwise.

1. Payments. Principal and interest (“Payments”) shall be paid on February 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2023 (“Payment Dates”) in the amounts set forth on the attached payment schedule, payable solely from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon 30 days written notice to the Authority. Payments on this Note are

payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months.

3. Available Tax Increment. All payments on this Note are payable on each Payment Date solely from and in the amount of the “Available Tax Increment,” which means, on each Payment Date, Ninety-five percent (95%) of the Tax Increment attributable to the Phase I Property and the Phase II Property as defined in the Agreement that is paid to the Authority by Hennepin County in the six months preceding the Payment Date. The Authority shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment; and if on any Payment Date there is available to the Authority insufficient Available Tax Increment to pay the scheduled Payment due on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the Authority has available to it Available Tax Increment in excess of the amount necessary to pay the scheduled amount due on such subsequent Payment Date.

4. Default. Upon an Event of Default by the Redeveloper under the Agreement, the Authority may exercise the remedies with respect to this Note described in Article IX of the Agreement, the terms of which are incorporated herein by reference.

5. Optional Prepayment. (a) The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the Authority without premium or penalty. If the Authority prepays the Note in part, the prepayment will be applied first to accrued interest and then to the outstanding principal amount of the Note in inverse order of principal installments due. Ten days’ prior notice of any such prepayment shall be given by first-call mail by the Registrar to the registered owner of the Note. No partial prepayment shall affect the amount or timing of any other regular Payment otherwise required to be made under this Note.

(b) The Note may be deemed prepaid in whole or in part in accordance with Section 3.7 of the Agreement. Upon any such prepayment, the Authority will deliver to the Owner a statement of the amount applied to prepayment under Section 3.7 and the outstanding principal balance of the Note after application of the deemed prepayment. Any deemed prepayment under this paragraph will be applied under the same procedures described in paragraph (a) above.

6. Nature of Obligation. This Note is one of an issue in the total principal amount of \$2,478,237.28 issued to aid in financing certain public redevelopment costs and administrative costs of a Redevelopment Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended and is issued pursuant to the Resolution, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota,

including Minnesota Statutes, Sections 469.174 to 469.1799, as amended. This Note is a limited obligation of the Authority which is payable solely from the revenues pledged to the payment hereof under the Resolution. This Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except from and to the extent of the revenues pledged hereto, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the Authority or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the Authority, and are not intended as representations on which the Redeveloper may rely. The estimates of Tax Increment performed at the time the Agreement was executed included the retail development on Phase III, which has since been demolished and further development on that site has not yet occurred. Therefore, actual Tax Increment collected from the TIF District may be less than originally estimated.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Authority kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the Authority, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the Authority with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note shall not be transferred to any person unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

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 exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the Authority according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka have caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF MINNETONKA

President

Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
	Glen Lake Redevelopment LLC [address] Federal Tax T.C. No. _____	

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1.

The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The Authority hereby appoints the City Finance Director to perform the functions of registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note shall not be transferred to any person unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement

on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its President and Executive Director. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note has been so executed, it shall be delivered by the Executive Director to the Owner thereof in accordance with the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The Authority hereby pledges to the payment of the principal of and interest on the Note Available Tax Increment under the terms and as defined in the Note. Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of and interest on the Note. The Authority irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment in the amount necessary to pay principal and interest when due on the Note. Any Available Tax Increment remaining in the Bond Fund shall be transferred to the Authority’s account for the TIF District upon termination of the Note in accordance with its terms.

4.03. Additional Bonds. If the Authority issues any bonds or notes secured by Available Tax Increment, such additional bonds or notes are subordinate to the Note in all respects.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon approval.

Adopted this _____ day of _____, 2008

President

ATTEST:

Secretary

**TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2008
PAYMENT SCHEDULE**

Payment Date	Principal	Interest	Total Payment
February 1, 2009	0.00	83,640.51	0.00
August 1, 2009	0.00	86,463.38	0.00
February 1, 2010	0.00	89,381.51	0.00
August 1, 2010	0.00	92,398.14	58,121.22
February 1, 2011	0.00	93,554.99	58,121.22
August 1, 2011	0.00	94,750.88	58,121.22
February 1, 2012	0.00	95,987.13	58,121.22
August 1, 2012	0.00	97,265.10	58,121.22
February 1, 2013	0.00	98,586.21	58,121.22
August 1, 2013	106,075.22	99,951.90	206,027.12
February 1, 2014	109,655.26	96,371.86	206,027.12
August 1, 2014	113,356.12	92,671.00	206,027.12
February 1, 2015	117,181.89	88,845.23	206,027.12
August 1, 2015	121,136.78	84,890.34	206,027.12
February 1, 2016	125,225.15	80,801.97	206,027.12
August 1, 2016	129,451.50	76,575.62	206,027.12
February 1, 2017	133,820.48	72,206.64	206,027.12
August 1, 2017	138,336.93	67,690.19	206,027.12
February 1, 2018	143,005.80	63,021.32	206,027.12
August 1, 2018	147,832.24	58,194.88	206,027.12
February 1, 2019	152,821.58	53,205.54	206,027.12
August 1, 2019	157,979.31	48,047.81	206,027.12
February 1, 2020	163,311.11	42,716.01	206,027.12
August 1, 2020	168,822.86	37,204.26	206,027.12
February 1, 2021	174,520.63	31,506.49	206,027.12
August 1, 2021	180,410.70	25,616.42	206,027.12
February 1, 2022	186,499.56	19,527.55	206,027.12
August 1, 2022	192,793.93	13,233.19	206,027.12
February 1, 2023	199,300.72	6,726.40	206,027.12