

AGENDA

MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

MONDAY, NOVEMBER 8, 2010

6:30 P.M.

COUNCIL CHAMBERS

1. CALL TO ORDER
2. ROLL CALL: Wagner-Ellingson-Allendorf-Greves-Wiersum-Hiller-Schneider
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
 - A. September 13, 2010
 - B. October 4, 2010
5. BUSINESS ITEMS
 - A. Subordination agreement for the Exchange development in Glen Lake
RECOMMENDATION: Approve the agreement (4 VOTES)
 - B. Ratification of amendment to EDA Resolution No. 2010-005

RECOMMEDATION: Ratify the deletion of the language in Resolution No. 2010-005
6. STAFF REPORT
7. ADJOURN

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**MINUTES
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MONDAY, SEPTEMBER 13, 2010**

1. CALL TO ORDER.

President Schneider called the meeting to order at 6:30 p.m.

2. PLEDGE OF ALLEGIANCE.

All joined in the Pledge of Allegiance.

3. ROLL CALL

EDA Members Amber Greves, James Hiller, Tony Wagner, Bob Ellingson (arrived at 6:34 p.m.), Dick Allendorf, and Terry Schneider were present. Brad Wiersum was excused.

4. APPROVAL OF AGENDA

Greves moved, Allendorf seconded a motion to accept the agenda. All voted "yes." Motion carried.

5. APPROVAL OF MINUTES: April 5, 2010

Greves moved, Allendorf seconded a motion to approve the April 5, 2010 minutes. All voted "yes." Motion carried.

6. BUSINESS ITEMS

A. Items related to use of tax increment for the St. Therese project from Boulevard Gardens District

Community Development Director Julie Wischnack gave the staff report. She indicated the Boulevard Gardens was the original TIF district. The city has been working with St. Therese on a 150 unit senior building that would qualify for TIF funds. Staff is proposing to use \$100,000 from the unused TIF balance from Boulevard Gardens for the payment of the water hookup fees.

Steve Bubul, bond consultant, explained the city could allocate TIF funds for water hookup fees due to the recent Minnesota Jobs Bill. He indicated this was a short-term bill from the state and construction must begin prior to July 1, 2011. The funds being proposed for St. Therese met all of the requirements.

Wagner questioned what would happen to the funds if not used for this development. Bubul indicated the funds would be placed into the Boulevard Gardens District if not used prior to July 1, 2011.

Allendorf asked if the SAC/WAC fees would be paid for prior to July 1, 2011. Wischnack explained the fees would be paid when the building permit was applied for with the city.

Wagner moved, Hiller seconded a motion to adopt Resolution No. 2010-037 approving a spending plan for redevelopment tax increment financing district no. 2. All voted "yes." Motion carried.

B. Items related to use of tax increment for the St. Therese project

Wagner moved, Hiller seconded a motion to adopt Resolution No. 2010-038 approving a temporary TIF authority assistance agreement between the Economic Development Authority and the city of Minnetonka and Glen Lake Senior Housing LLC. All voted "yes." Motion carried.

C. 2011 Preliminary HRA Levy

Wischnack gave a summary on the 2011 preliminary HRA levy. The recommendation was that \$175,000 be levied for 2011, with \$90,000 being used for housing programs. The additional \$85,000 would be used for village center master planning. City Manager John Gunyou indicated if the levy was approved, it would be the same as the current levy.

Allendorf commented if the levy was not approved it would reduce the burden on the taxpayers by around one-half of a percent.

Schneider questioned if special action was needed to allocate the funds later. Wischnack indicated more detailed information would come back to the EDA as village center areas come up on the list. The housing rehab program would first go to the EDAC for feedback on the program before being presented to the EDA. Gunyou noted the preliminary levy was the maximum that could be levied. In December the final levy would be set. Schneider said he attended the initial Southwest Light Rail Steering Committee meeting. There will be a lot of focus on making the whole light rail system work. He said the approach was to set up a formal joint powers agreement with some expectation that all the parties would contribute a share of the cost of doing the study. He noted this was a logical area that the funds could be used for the joint powers arrangement.

Allendorf said he was reluctant to levy \$90,000 without knowing where specifically it was going to go.

Greves asked if the plan was to send the rehabilitation program to the EDAC for more discussion before it came back to the council. Wischnack indicated that was correct.

Wagner said the city has taken a long-term approach to planning. There are some questions about timing on the housing programs but the levy was a commitment for how the city would implement the comprehensive plan.

Wagner moved, Greves seconded a motion to adopt Resolution No. 2010-039 approving a preliminary 2011 HRA levy and budget of \$175,000. All voted "yes." Motion carried.

7. STAFF REPORT

There was no report.

8. ADJOURNMENT

Greves moved, Wagner seconded a motion to adjourn the meeting at 6:48 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk

**MINUTES
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MONDAY, OCTOBER 4, 2010**

1. CALL TO ORDER.

President Schneider called the meeting to order at 6:30 p.m.

2. ROLL CALL

EDA Commissioners Brad Wiersum, James Hiller, Tony Wagner, Bob Ellingson, Dick Allendorf, Amber Greves, and Terry Schneider were present.

3. APPROVAL OF AGENDA

Community Development Director Julie Wischnack noted there was a change to the memo provided to the Council for Item 5A.

Wiersum moved, Wagner seconded a motion to accept the agenda, as amended. All voted "yes." Motion carried.

4. APPROVAL OF MINUTES: None

5. BUSINESS ITEMS

A. Items related to the Glenhaven TIF District:

- 1) Resolution issuing tax increment revenue bonds for the Glen Lake project, phases I & II**
- 2) Resolution issuing tax increment revenue note**

Wischnack noted the contract for redevelopment of the Glen Lake project was up for review this evening. She reviewed the ongoing developments in the Glenhaven area. The EDA was being asked to approve a resolution issuing tax increment revenue bonds while also issuing a tax increment revenue note. These funds would further assist with the Glen Lake project, phase I and II.

Wiersum clarified that the city's investment in the development was for infrastructure costs associated with the development but not money in the development itself. Wischnack confirmed that was an accurate depiction. The city invested in land acquisition and the costs associated with that.

Hiller asked for staff to review the change memorandum. Wischnack reviewed the details with the EDA. She said the changes were with the technical details.

Ellingson questioned if phase III of the Glen Lake project would require further bonding. Mark Ruff, Ehlers & Associates, indicated this may not be

the EDA's last action for this development. He anticipated that phase III would require additional financing, but would depend on the time and scope of the future development. Ellingson asked if the phase I and II tax increment would be sufficient to pay back the bonds that have been issued. Ruff confirmed that was correct.

Wagner moved, Greves seconded a motion to adopt:

- 1) Resolution No. 2010-005 awarding the sale of, and providing the form, terms, covenants, and directions for the issuance of its tax increment revenue bonds, series 2010 (Glen Lake Project, Phase I and II).
- 2) Resolution No. 2010-006 awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its taxable tax increment revenue note, series 2010B

All voted "yes." Motion carried.

6. STAFF REPORT

None.

7. ADJOURNMENT

Greves moved, Wiersum seconded a motion to adjourn the meeting at 6:40 p.m.
All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk

EDA Item #5A
Meeting of November 8, 2010

Brief Description: Subordination agreement for the Exchange development in Glen Lake

Recommended Action: Motion to approve

Background

In the contract for the Glen Lake redevelopment, the city and the Economic Development Authority (EDA) agreed to subordinate their rights under the contract to facilitate the securing of other financing, subject to reasonable terms and conditions.

The Exchange portion of the Glen Lake redevelopment is completed and is currently owned by The Exchange Development LLC. The Exchange Development LLC is refinancing its debt with NorthMarq Capital LLC, as the lender, and Freddie Mac as a credit enhancer for the debt. In order to accomplish the refinancing, Freddie Mac requires a subordination of the EDA's and city's rights under the redevelopment contract.

The attached subordination agreement has been reviewed and approved by Julie Eddington of Kennedy & Graven.

Recommendation

Staff recommends that the EDA approve the subordination agreement.

Submitted through:
John Gunyou, EDA Executive Director

Originated by:
Desyl Peterson, City Attorney
Julie Wischnack, Community Development Director

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) is made as of _____, 2010, between NorthMarq Capital, LLC, a Minnesota limited liability company, its successors and assigns (“Lender”), and the Economic Development Authority in and for the City of Minnetonka, a public body corporate and politic organized and existing under the laws of the State of Minnesota (“Authority”) and the City of Minnetonka (“City”).

RECITALS

A. The Exchange Development, LLC, a Minnesota limited liability company (“Borrower”), is the owner of certain real property situated in Hennepin County, Minnesota and legally described in Exhibit A attached hereto and incorporated herein (the “Property”).

B. Lender has made or will make a mortgage loan to Borrower in the original principal amount of \$8,100,000.00, which loan is evidenced and secured by the following documents:

- (i) a certain Multifamily Note (the “Note”) made by Borrower and payable to Lender dated as of _____, 2010, in the amount of \$8,100,000.00; and
- (ii) a certain Multifamily, Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Mortgage”) made by Borrower dated as of _____, 2010, recorded on _____, 2010, as Hennepin County Recorder Doc. No. _____.

The Note and the Mortgage and all other documents and instruments evidencing, securing and executed in connection with the Note, are hereinafter collectively referred to as the “Loan Documents.”

C. The Authority and the City previously entered into a Contract for Private Redevelopment, dated January 31, 2006, between the Authority, the City and the Glen Lake Redevelopment, LLC (“Redeveloper”), which was amended and restated by the Amended and Restated Contract for Private Redevelopment, dated May 15, 2007, and further amended and

restated by that certain Second Amended and Restated Contract for Private Development (the “Development Agreement”) between the Authority, the City and the Redeveloper dated as of January 4, 2010. The Development Agreement relates to three phases of development; the first phase of such development is known as “The Exchange” and is located on the Property.

D. The Authority had previously approved the assignment of certain rights and obligations of the Development Agreement, in which the Borrower was a permitted assignee.

E. The Authority, the City and the Borrower are the owner and holder of certain rights under the Development Agreement.

F. The Loan Documents relate solely to The Exchange.

G. The Authority, the City and the Borrower agree to subordinate all rights, title and interest in the Development Agreement that relate to The Exchange and the Property to the Lender. The Development Agreement and all rights, title and interest under the Development Agreement related to The Exchange and the Property are hereinafter collectively referred to as the “Subordinated Documents.”

NOW, THEREFORE, in consideration of the foregoing and as an inducement to Lender to make the loan evidenced by the Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto represent, warrant and agree as follows:

1. **Subordination.** The City and the Authority hereby agree that the liens, rights and security interests against the Property created by the Subordinated Documents are and shall be subordinate to the liens, rights and security interests created by the Loan Documents and to any and all amendments, modifications, extensions, replacements or renewals of the Loan Documents.

2. **Notice to Authority.** Lender agrees to use commercially reasonable efforts to notify the Authority of the occurrence of an Event of Default, as defined in the Loan Documents, in accordance with the notice provisions set forth in Section 10.6 of the Development Agreement.

3. **Notice to Lender.** The Authority agrees to use commercially reasonable efforts to notify the Lender of the occurrence of an Event of Default, as defined in the Development Agreement, in accordance with the notice provisions set forth in Section 10.6 of the Development Agreement.

4. **Governing Law.** This Agreement is made in and shall be construed in accordance with the laws of the State of Minnesota.

5. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which together will constitute one and the same instrument.

6. Scope of Agreement. This Agreement does not subordinate any of the liens, rights and security interests against the Phase II Property or Phase III Property (as defined in the Development Agreement) created by the Development Agreement and running in favor of the City or the Authority.

[the remainder of this page is left intentionally blank; signature pages follow]

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the day and year first written above.

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

By: _____
Name: _____
Its: President

By: _____
Name: _____
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of October, 2010, by _____ and _____, the President and the Executive Director of the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body corporate and politic, on behalf of the Authority.

Notary Public

EXHIBIT A
PROPERTY

Lot 1, Block 1, The Exchange, according to the recorded plat thereof, Hennepin County, Minnesota.

EDA Item #5B
Meeting of November 8, 2010

Brief Description: Ratification of amendment to EDA Resolution No. 2010-005

Recommended Action: Motion to ratify

Background

On Friday, October 29, 2010, staff was contacted with an urgent request related to the sale of the Glen Lake TIF bonds. The company handling the sale of the bonds had not received any interest in the bonds since they were first offered at the beginning of the month. A group of investors had finally materialized to purchase the bonds. However, they wanted one change to the terms of the bonds. They wanted to delete the ability for the EDA to release the pledge of tax increment from any parcel or portion thereof, so long as the remaining tax increment was sufficient to pay 125% of outstanding bonds. The terms of the sale are contained in EDA resolution no. 2010-005, so the specific language in the resolution to be deleted was:

The pledge of Available Tax Increment from any parcel within the TIF District may be released from the pledge to the Bonds under this Resolution upon a determination by the Issuer that (i) the Available Tax Increment for the Bond Year most recently ended would have been sufficient to produce debt service coverage for the Bonds payable in that Bond Year of at least 125 percent, without including the Tax Increment from the parcel proposed to be released from such pledge; and (ii) after such release, the Available Tax Increment is projected to be sufficient to produce debt service coverage for the Bonds in each subsequent Bond Year of at least 125 percent. For the purposes of this Section, such projections will be based on market values, class rates, and the local rate applicable as of the date of the release.

The investors also wanted to close the following week, and the bond purchase agreement had to be acted on within a very short time on that Friday morning. The city's financial consultant and bond counsel both thought the deletion was typical of the changes made in the course of finalizing a bond transaction of this type, and was not material to the EDA. The language simply gave the EDA some flexibility that was likely never to be used. The advantage to the EDA of acting quickly was securing a purchaser for the bonds in a difficult bond market.

Staff was very hesitant to authorize the change without formal EDA approval, but this appeared to be the best alternative given the circumstances. The more usual procedure would have been to delay closing until the resolution could be brought before the EDA for final approval. However, based on the consultants advice, and the fact that the change did not raise policy issues, staff agreed to make this minor change in the bond

resolution in order to permit the bond sale to proceed. Staff is now requesting that the EDA ratify the deletion of that language from EDA resolution.

Recommendation

Staff recommends that the EDA ratify the deletion of the language in resolution no. 2010-005, as shown on the attached.

Submitted through:
John Gunyou, EDA Executive Director

Originated by:
Desyl Peterson, City Attorney

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

RESOLUTION NO. 2010-005

**RESOLUTION AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS,
COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAX INCREMENT
REVENUE BONDS, SERIES 2010 (GLEN LAKE PROJECT, PHASES I & II)**

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

Section 1. Authorization; Award of Sale.

1.01. Authorization. The Issuer and the City of Minnetonka, Minnesota (the "City") 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, all pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the "HRA Act"), sections 469.090 to 469.1081 (the "TIF Act"), and sections 469.174 to 469.1799 (the "TIF Act"). In connection with the TIF District, the Issuer entered into a Second Amended and Restated Contract for Private Redevelopment, dated as of January 4, 2010 (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, 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 September 1, 2010 between Redeveloper and Phase II Subdeveloper (the "Assignment").

Pursuant to Minnesota Statutes, Section 469.178 of the TIF Act, the Issuer 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. In accordance with the Contract and the TIF Act, the Issuer previously issued to Redeveloper a \$2,478,237.38 Taxable Tax Increment Revenue Note, Series 2008 (the "Exchange/Kinsel Initial Note") and a \$1,276,263 Taxable Tax Increment Revenue Notes, Series 2010A (the "Phase II Note"), in order to finance certain costs of the Project. The Exchange/Kinsel Initial Note and the Phase II Note are referred to together as the "Initial Notes."

Under the Contract, the Issuer agreed to refinance the Initial Notes by issuing one or more tax-exempt tax increment revenue notes or bonds, subject to satisfaction of certain conditions in the Contract. The Issuer hereby finds and determines that the conditions exist under the Contract for issuance of a tax increment revenue bond in order to partially refund the Initial Notes. To that end, the Issuer has determined to issue and sell its Tax Increment Revenue

Bonds, Series 2010 (Glen Lake Project, Phases I and II) (the “Bonds”), to refund a portion of the respective principal amounts of the Initial Notes, as further provided herein.

1.02. Sale of Bonds. The Board hereby authorizes the sale of the Bonds to the Purchaser in accordance with the terms of a proposal therefore by Purchaser. The Issuer authorizes the Executive Director, in consultation with the Issuer’s financial advisor, to accept terms and condition of sale of the Bonds, provided that the principal amount of the Bonds shall not exceed \$2,660,000 and the average interest rate shall not exceed 7.0%. The Board authorizes the President and Executive Director to execute the Bond Purchase Agreement between the Issuer and the Purchaser containing terms and conditions determined by the Executive Director. 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 or dates and upon the terms and conditions deemed reasonable 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 establish the terms of redemption, the principal amounts subject to redemption, and the dates of redemption of the Bonds, and to approve other terms of the Bonds which are deemed by the Executive Director to be in the best interests of the Issuer. 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 the Bond Purchase Agreement and the terms of this Resolution.

Section 2. Definitions. In this Resolution 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 3 have the meanings given them in the Contract.

“Assignment” means the Assignment and Assumption dated as of September 1, 2010 between Redeveloper, as assignor, and Phase II Subdeveloper, as assignee.

“Authorized Denominations” means \$25,000, and integral multiples of \$1,000 in excess of \$25,000, notwithstanding anything to the contrary in Section 3.8(b)(8) of the Contract.

“Available Tax Increment” means (a) 95 percent of the Tax Increment derived from the Phase I Property and the Phase II Property during the six-month period preceding each Payment Date; and (b) if a Phase III Deficiency occurs on any Payment Date, then on any subsequent Payment Date after such Phase III Deficiency, Available Tax Increment includes 95% of the Tax Increment derived from the Phase III Property received as of that Payment Date, up to the amount necessary to cure the aggregate prior Phase III Deficiency. Notwithstanding anything to the contrary herein, for purposes of the February 1, 2011 Payment Date, Available Tax Increment means the amount specified in clause (a) above, less \$29,500.

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

“Bond Closing” means the date of issuance of and payment for the Bonds.

“Bond Counsel” means any attorney or firm of attorneys designated by the Issuer and nationally-recognized in the field of municipal.

“Bond Fund” means the Fund by that name created and established by Section 6.03 of this Resolution.

“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 between the Issuer and the Purchaser providing for the purchase of the Bonds, and any amendments or supplements thereto.

“Bond Register” means the register maintained as provided in Section 3.08 of this Resolution.

“Bonds” means the Tax Increment Revenue Bonds, Series 2010 (Glen Lake Project, Phases I & II).

“Bond Year” means initially the period from the date of Bond Closing to and including February 1, 2030, and thereafter each twelve month period beginning on each February 2 and ending on February 1 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 city where the principal corporate trust office of the Registrar is located are authorized by law or executive order to close.

“City” means the City of Minnetonka, Minnesota.

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

“Contract” means the Second Amended and Restated Contract for Private Redevelopment, dated as of January 4, 2010, between the City, the Issuer and the Redeveloper.

“County” means Hennepin County, Minnesota.

“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.

“Excess Available Tax Increment” means, as of each February 1 Payment Date, the Available Tax Increment received by the Issuer in the previous twelve months that is in excess of the amount needed to pay debt service due on the Bonds on that February 1 Payment Date and

the immediately previous August 1 Payment Date, after taking into account any amounts then on deposit in the Bond Fund.

“Fund” means any of the funds created and described in Section 6 hereof.

“HRA Act” means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

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

“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.

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

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

(b) Bonds and portions of Bonds for whose payment or redemption money or securities (as provided in Section 7 hereof) shall have been theretofore irrevocably deposited with the Registrar 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 Resolution or irrevocable instructions to call such Bonds for redemption at a stated Redemption Date shall have been given to the Registrar; and

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

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 Registrar as provided herein shall be disregarded and deemed not to be Outstanding, except that in determining whether the Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Registrar 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.

“Payment Date” means each February 1 and August 1, commencing on February 1, 2011.

“Permitted Investments” means any investment permitted pursuant to Minnesota Statutes, Chapter 118A.

“Phase I Property” means Lot 1, Block 1, The Exchange, according to the recorded plat thereof, Hennepin County, Minnesota.

“Phase II Property” means Lots 1 and 2, Block 1, Glen Haven Shopping Center, according to the recorded plat thereof, Hennepin County, Minnesota.

“Phase II Subdeveloper” means Glen Lake Senior Housing, LLC.

“Phase III Deficiency” means an occurrence of following conditions on any Payment Date: (1) pledged Available Tax Increment from the Phase I Property and the Phase II Property is insufficient to pay principal and interest then due on the Bonds, and (2) Phase III Negative Tax Increment exists as of that Payment Date. In that event, the Phase III Deficiency on that Payment Date is the smaller of the debt service shortfall under clause (1) or the Phase III Negative Tax Increment under clause (2).

“Phase III Negative Tax Increment” means a reduction in Available Tax Increment from the Phase I Property and Phase II Property resulting from a decline in the current market value of the Phase III Property (for any tax-payable year) below that parcel’s original tax capacity (within the meaning the TIF Act).

“Phase III Property” means Lot 1, “Glen Lake Park,” except the East 570 feet of Lot 1, according to the recorded plat thereof, Hennepin County, Minnesota.

“Purchaser” means Dougherty and Company, LLC.

“Rebate Fund” means the Fund by that name created and established by Section 6.08 of this Resolution.

“Record Date” means with respect to any Payment Date on the Bonds, (a) the fifteenth day of the month (whether or not a Business Day) next preceding such Payment Date (each, a “Regular Record Date”) or (b) if there is a default in payment of interest due on such Payment Date, a “Special Record Date” for the payment of such defaulted interest established by the Registrar in accordance with Section 3.04(b).

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

“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 Resolution.

“Redeveloper” means Glen Lake Redevelopment, LLC.

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

“Registrar” means the registrar who shall act as Registrar, transfer agent and paying agent, or any successor Registrar or other fiduciary acting as Registrar, transfer agent or paying agent for the Bonds. The initial Registrar is the City Finance Director.

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

“Reserve Requirement” means the amount from time to time required to be held or accumulated in the Reserve Fund, that amount being equal to the least of: (i) ten percent (10%) of the original principal amount of the Bonds; (ii) 125 percent of the average annual debt service on the Bonds; or (iii) 50 percent of the maximum annual debt service on the Bonds, excluding debt service in the Bond Year ending on February 1, 2030.

“Resolution” means this Resolution No. 2010-005 approved by the Issuer on October 4, 2010.

“State” means the State of Minnesota.

“Tax Increment” means that portion of the real property taxes which is paid with respect to the Phase I Property and the Phase II Property and that is remitted to the Issuer as tax increment pursuant to the Tax Increment Act, after adjusting for any reduction in total Tax Increment paid to the Issuer from the TIF District because of decline in the tax capacity of parcels other than the Phase I Property and Phase II Property below the original tax capacity of those parcels (as defined in the TIF Act.) The market value of the Redevelopment Property (as defined in the Contract) and resulting original tax capacity (as defined in the TIF Act) will be allocated to the Phase I Property and Phase II Property on the basis of the square footage of each parcel, as needed to reflect any changes in parcel boundaries. The term Tax Increment does not include any amounts retained by or payable to the State auditor under Section 469.177, subd. 11 of the Tax Increment Act, or any amounts described in Section 469.174, subd. 25, clauses (2) through (4) of the Tax Increment Act.

“Tax Increment Act” or “TIF Act” means Minnesota Statutes, Sections 469.174 through 469.1799, as amended.

“TIF District” means the Glen Haven Tax Increment Financing District established by the Issuer and the City.

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

Section 3. Terms of Bonds Generally.

3.01. 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 Resolution. The Bonds are not general or moral obligations of the City, the State, the Issuer or any political subdivision or Issuer 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 Issuer 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 HRA Act and the Tax Increment Act.

3.02. Forms Generally. The Bonds 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 Resolution. 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 Registrar appearing in the certificate of authentication) may be facsimiles.

3.03. Principal Amount, Designation, Interest Rates, Maturities.

(a) The Bonds shall be issued under and secured by this Resolution and denominated “Tax Increment Revenue Bonds, Series 2010 (Glen Lake Project, Phases I & II).” The Bonds shall be issued in the aggregate principal amount not to exceed \$2,660,000 and dated as of the date of delivery.

(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 Payment Date. If a default has occurred in the payment of any interest, the Registrar shall establish a special Record Date for such payment as hereinafter provided. Interest on the Bonds shall be computed on the basis of a 360-day year with twelve (12) months of thirty (30) days.

(c) The Bonds shall mature on the dates and in the principal amounts, and shall bear interest at the rates per annum for each stated maturity (not to exceed an average rate for all maturities of 7.0%) as specified in the Purchaser’s proposal accepted by the Executive Director in accordance with Section 1.02. and memorialized in the Bond Purchase Agreement.

(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 Section 4 hereof.

3.04. Payment of Interest and Principal.

(a) The Bonds shall be payable in lawful money of the United States of America 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 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 Registrar upon presentment and surrender of the Bonds being paid, and interest on each Bond shall be payable by check or draft drawn upon the Registrar and mailed on the applicable 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 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 Registrar 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 days prior to the date of the proposed payment; and (ii) the Registrar 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 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.

3.05. 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 Resolution.

3.06. 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 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.

3.07. Authentication of Bonds. Each Bond shall bear thereon a certificate of authentication, substantially in the form set forth in EXHIBIT A. Only such Bonds as shall bear

thereon such certificate of authentication, duly executed, shall be entitled to any security, right or benefit under this Resolution. 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 Registrar. The Registrar shall authenticate the signature of the officers of the Issuer on each Bond by execution of the Registrar'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 Bond Closing to the Purchaser, the Registrar shall insert as a date of registration the date of original issue. Such certificate of authentication upon any Bond executed by the Registrar 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 Resolution.

3.08. Registration and Transfer of Bonds and Agent Therefor. The Issuer appoints the City Finance Director as the initial Registrar for the Bonds, but retains the right at time to appoint a successor entity to serve as Registrar. The Issuer shall maintain and keep, at the principal office of the Registrar, a Bond Register for the registration and transfer of Bonds and, upon presentation thereof for such purpose at the principal office of the Registrar, 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 Registrar may prescribe, any Bond entitled to registration, transfer or exchange. The Registrar is hereby irrevocably appointed the agent of the Issuer for such registration, transfer or exchange of Bonds.

3.09. 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 Registrar, 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 Registrar. Upon such presentation and surrender of a Bond, the Issuer shall execute and the Registrar 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 Registrar may make a charge sufficient to reimburse the Registrar 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 Registrar incurred in connection with such exchange or transfer shall be paid by the Issuer.

(c) Neither the Issuer nor the Registrar 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.

3.10. Bonds Mutilated, Destroyed, Stolen or Lost. In the event that any Bond is mutilated, destroyed, stolen or lost, the Issuer shall execute and the Registrar 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 Registrar, and in the case of any such destroyed, stolen or lost Bond, there shall be first furnished to the Registrar evidence of such destruction, theft or loss satisfactory to the Registrar, together with indemnity in favor of the Registrar and the Issuer. The Registrar may charge the Holder of such Bond their reasonable fees and expenses in this connection. All such Bonds so surrendered to the Registrar shall be cancelled by the Registrar. 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 Registrar to pay such Bond out of money held by the Registrar 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.

3.11. 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 Registrar pursuant to the provisions of this Resolution 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 Registrar 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 Resolution or on, or with respect to, said Bond; provided that any funds which shall be so held by the Registrar 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 Section 7 of this Resolution 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 Registrar shall have no further responsibility with respect to such money.

3.12. Temporary Bonds.

(a) Pending the preparation of definitive Bonds, the Issuer may execute, and the Registrar shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such changes as may be necessary to reflect more than one stated Maturity in a temporary bond, in fully registered form, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their signing of such Bonds.

(b) If temporary Bonds are issued, the Issuer will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the office of the Registrar, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds, the Issuer shall execute and the Registrar shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits under this Resolution as definitive Bonds, and interest thereon, when and as payable, shall be paid to the Holder thereof as provided in this Resolution.

3.13. Description of the Book-Entry System.

(a) Notwithstanding any of the foregoing provisions of this Resolution, 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.

(b) Except as provided in this Section, all of the Outstanding Bonds shall be registered in the registration books kept by the 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 and the 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 and the Registrar 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 and the 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 Registrar 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 Resolution. Upon delivery by DTC to the Issuer or the Registrar 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 Resolution 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 Registrar. The Registrar shall take all action necessary for all representations of the Registrar in the Representation Letter with respect to the Registrar 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 Registrar 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 Resolution.

(e) Notwithstanding any other provision of this Resolution 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 Registrar 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 Resolution.

Section 4. Redemption. The Bonds are subject to redemption prior to maturity as follows:

4.01. Optional Redemption. Bonds may be redeemed, in whole or in part, at the option of the Issuer on the date specified in the Purchaser's proposal accepted by the Executive Director and memorialized in the Bond Purchase Agreement and any date thereafter 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. Bonds shall be subject to optional redemption pursuant to this Section 4.01 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 4.03.

4.02. Scheduled Mandatory Redemption. If the proposal accepted by the Executive Director includes any term bonds, such term bonds are subject to scheduled mandatory redemption on the mandatory sinking fund redemption dates and in the principal amounts set

forth in the Bond Purchase Agreement, 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.

4.03. Election to Redeem; Notice to Registrar. In case of any redemption of Outstanding Bonds pursuant to Section 4.01, the Issuer shall notify the Registrar at least thirty (30) days prior to the Redemption Date fixed by the Issuer of such Redemption Date and of the principal amount of Bonds to be redeemed.

4.04. Selection of Bonds to be Redeemed.

(a) The Registrar shall promptly notify the Issuer, in writing, of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

(b) In the case of a partial redemption pursuant to Section 4.01, the Registrar shall select by lot the maturities of the Bonds to be redeemed and the principal amount (in increments of \$1,000) to be redeemed from each maturity.

(c) If less than all of the Bonds are to be redeemed other than in accordance with the scheduled mandatory redemption provisions of Section 4.02, the Bonds so redeemed shall be selected by maturity as set forth in Section 4.04(b), and the scheduled mandatory redemption requirements for each maturity described in Section 4.02 shall be adjusted so that the resulting decrease in debt service on the Bonds (including scheduled mandatory redemption payments) during each six-month period commencing on each Payment Date is proportional, as nearly as practicable. 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 Registrar at random or in such manner as the Registrar shall deem fair and appropriate.

4.05. Notice of Redemption.

(a) Notice of redemption shall be given by first-class mail, postage pre-paid, mailed not less than twenty (20) days prior to the Redemption Date, to each Holder of Bonds to be redeemed at the address of such Holder appearing in the Bond Register. For Bonds registered to Cede & Co., as nominee of DTC, notice of redemption may instead be given by electronic notice, sent not less than twenty (20) days prior to the Redemption Date. 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.

4.06. 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.

Section 5. Covenants of the Issuer.

5.01. 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 solely from the Available Tax Increment 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 Resolution shall be considered as assigning or pledging any other funds or assets of the Issuer for such purposes, except as expressly provided in this Resolution.

5.02. 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 Resolution or the Contract. Nothing in this Section will be construed to limit or impair the Issuer's remedies upon default by Redeveloper under the Contract, or by the Phase II Subdeveloper upon default under the portions of the Contract assigned to Phase II Subdeveloper under the Assignment; provided that in no event is the Issuer entitled to withhold payment of Available Tax Increment pledged to the Bond Fund hereunder as a remedy for any default by Redeveloper or the Phase II Subdeveloper.

(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 Resolution. However, this covenant shall not be construed to preclude an expressly subordinate pledge of Available Tax Increment. Prior to making any such subordinate pledge of Available Tax Increment derived from the Phase I Property or the Phase II Property, the Issuer shall secure an opinion of Bond Counsel that such pledge is not superior to, or on a parity with, the pledge of Available Tax Increment to the Bonds.

(c) The Issuer shall cause Hennepin County to remit all tax increment revenues from the TIF District to the Issuer promptly, and 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 in the Bond Fund.

~~(d) The pledge of Available Tax Increment from any parcel within the TIF District may be released from the pledge to the Bonds under this Resolution upon a determination by the Issuer that (i) the Available Tax Increment for the Bond Year most recently ended would have been sufficient to produce debt service coverage for the Bonds payable in that Bond Year of at least 125 percent, without including the Tax Increment from the parcel proposed to be released from such pledge; and (ii) after such release, the Available Tax Increment is projected to be sufficient to produce debt service coverage for the Bonds in each subsequent Bond Year of at least 125 percent. For the purposes of this Section, such projections will be based on market values, class rates, and the local rate applicable as of the date of the release. (e)~~

Notwithstanding anything to the contrary in Sections 3.7 and 3.8(f)(2) of the Contract, in the event the Issuer becomes entitled to collect any lookback obligation from Redeveloper or Phase II Subdeveloper under Section 3.7 of the Contract, the Issuer will enforce the relevant lookback in a manner that does not meet the private payment or security test with respect to the Bonds under Section 141(b) of the Code and applicable Treasury Regulations; and in no event will the Issuer withhold payment of Available Tax Increment pledged to the Bonds as enforcement of a lookback obligation under Section 3.7 of the Contract.

5.03. 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 at substantially the same time as 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, 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; and

(C) as additional consideration for the purchase of the Bonds by the Purchaser 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 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.

(iii) 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, and (B) 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 Issuer 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 Resolution 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 5.03 shall survive the defeasance or payment in full of the Bonds.

5.04. Bank Qualification. The Issuer hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and represents that the Issuer does not reasonably anticipate that the Issuer, or any other subordinate entity of the Issuer will issue in calendar year 2010 more than \$30,000,000 of bonds or other tax-exempt obligations (excluding “private activity bonds” other than “qualified 501(c)(3) bonds,” as such terms are defined in the Code, and excluding certain refunding obligations, that are not included in the \$30,000,000 limitation set forth in Section 265(b)(3)(C)(i) of the Code).

Section 6. Funds, Application of Available Tax Increment; Other Matters.

6.01. Establishment of Funds. The Issuer hereby establishes and shall maintain a Cost of Issuance Fund, a Refunding Fund, a Bond Fund, a Capitalized Interest Fund, a Reserve Fund, and a Rebate Fund.

6.02. Application of Proceeds. On the Bond Closing, the Issuer will apply proceeds of the bonds (the par amount of the Bonds, less any underwriter’s discount) to the following funds, in the amounts specified in the Bond Purchase Agreement:

- (a) to the Cost of Issuance Fund.
- (b) to the Refunding Fund.
- (c) to the Capitalized Interest Fund.
- (d) to the Reserve Fund.

6.03. Bond Fund.

(a) Upon receipt during each Bond Year, the Issuer shall deposit Available Tax Increment into the Bond Fund in the amount that, together with any funds on deposit in the Bond Fund, is necessary to pay principal and interest on the Bonds in that Bond Year.

(b) On each February 1, after the payment of interest and principal due on the Bonds, if the Issuer has on hand Excess Available Tax Increment, such Excess Available Tax Increment

shall be applied first to the credit of the Reserve Fund in any amount necessary to restore the balance therein to the Reserve Requirement, and the balance is released from the pledge to the Bonds and shall be applied in accordance with Section 4.12 of the Contract.

(c) All investment earnings on the funds in the Bond Fund shall remain in the Bond Fund.

6.04. Refunding Fund. The Issuer shall deposit in the Refunding Fund the amount specified for deposit therein under the Bond Purchase Agreement. The Issuer shall disburse funds from the Project Fund to prepay a portion of the outstanding principal amount of the Exchange/Kinsel Initial Note and to prepay all or a portion of the outstanding principal amount of the Phase II Note (in each case, such portions specified in the Bond Purchase Agreement).

6.05. Capitalized Interest Fund. The Issuer shall deposit in the Capitalized Interest Fund the amount specified for deposit therein under the Bond Purchase Agreement. The Issuer shall, at least five days before any Payment Date, transfer from the Capitalized Interest Account to the Bond Fund such amount which is sufficient (together with amounts already on deposit in the Bond Fund or expected to be on deposit in the Bond Fund on the next Payment Date, if any), for payment of all accrued interest and principal due on the Bonds on the next Payment Date.

All income derived from the investment of amounts in the Capitalized Interest Fund, shall be credited as received to the Capitalized Interest Fund.

If any funds remain in the Capitalized Interest Account after February 1, 2013, the remaining funds shall be transferred to the Bond Fund and used to pay principal and interest on the Bonds on the next Payment Date. Any amounts so transferred to the Bond Fund shall be invested at a yield not exceeding the yield of the Bonds unless the Issuer receives an opinion of Bond Counsel that investment at an unrestricted yield will not adversely affect the exemption of interest on any Bonds.

6.06. Costs of Issuance Fund. The Issuer shall deposit in the Costs of Issuance Fund the amount specified for deposit therein in the Bond Purchase Agreement. The Issuer shall use money on deposit to the credit of the Costs of Issuance Fund, on the Bond Closing or as soon thereafter as practicable, to pay the costs of issuance of the Bonds upon presentation of invoices therefor. Amounts remaining on deposit in the Costs of Issuance Fund thirty (30) days after the date of issuance of the Bonds shall be transferred to the Capitalized Interest Fund. Upon such final disbursement, the Issuer shall close the Costs of Issuance Fund.

6.07. Reserve Fund.

(a) The Issuer shall deposit in the Reserve Fund the Reserve Requirement. The Issuer shall also deposit in the Reserve Fund the amounts of Excess Available Tax Increment, if any, credited to the Reserve Fund in accordance with Section 6.03(b) hereof.

(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 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 Bond Fund any other amounts.

(d) The balance of funds in the Reserve Fund shall be transferred to the Bond Fund on February 1, 2030 and applied, before application of Available Tax Increment then on deposit in the Bond Fund, to pay principal and interest then due on the Bonds.

6.08. 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 amount earned on the Funds described in, and pursuant, to the provisions of this Section 6, that constitutes arbitrage subject to rebate under the Code and related Treasury Regulations (“Rebate Amount”). 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 Funds to the Rebate Fund any Rebate Amount.

(c) The Issuer shall have no obligation to make any rebate payments pursuant to this Section, other than from money held in the Funds created under this Resolution or from other money provided to it by the Issuer.

(d) The Issuer shall invest all amounts held in the Rebate Fund, pursuant to the provisions of this Section 6.08. 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 paragraph (e) below.

(e) 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 and related Treasury Regulations 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 aggregate amount of arbitrage subject to rebate (the “Rebate Requirement”), the Registrar will transfer money out of the Rebate Fund to the extent of such excess into such accounts or funds held by the Issuer hereunder, as determined by the Registrar. 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 transferred to the Bond Fund.

(f) Notwithstanding any other provision of this Resolution, 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.

(g) Notwithstanding any provision of this Section, if the Issuer receives 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.

6.09. Investments. Money held for the credit of any Fund established by this Section 6 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.

Section 7. 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 Registrar 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 Registrar 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 Registrar 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 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.

Section 8. Disclosure Documents and Closing Certificates.

8.01. The Preliminary Official Statement and the Official Statement with respect to the Bonds is hereby ratified and approved. The distribution of the Preliminary Official Statement and the Official Statement prepared in conjunction with the offer and sale of the Bonds is hereby ratified and approved.

8.02. The Executive Director is authorized to furnish to the purchasers of the Bonds, on the date of issuance and sale of the Bonds, a certificate that, to the best of the knowledge of such officer, the Official Statement (or other form of disclosure document) does not, as of the date of closing, and did not, as the time of sale of the Bonds, contain any untrue statement of a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. 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, or the organization of the Issuer, or incumbency of its officers, the Executive Director shall also execute and deliver a suitable certificate as to absence of material litigation, 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 to the validity and enforceability of the Bonds and the tax-exempt status of interest on the Bonds.

8.03. The Executive Director and other agents, officers, and employees of the Issuer 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 Issuer, and the right and authority of the Issuer to issue the Bonds, and all such certified copies and certifications shall be deemed representations of fact on the part of the Issuer. Such officers, employees, and agents of the Issuer are hereby authorized to execute and deliver, on behalf of the Issuer, all other certificates, instruments, and other written documents that may be requested by bond counsel, the Purchaser, 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 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, a general certificate of the Issuer, and an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G.

Section 9. Continuing Disclosure.

9.01. “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the Issuer’s President and Executive Director and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof..

9.02. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this section.

Section 10. Effective Date. This Resolution is effective upon approval. If the Executive Director has not accepted a proposal of Purchaser, as evidenced by execution in full of the Bond

Purchase Agreement, by November 30, 2010, this Resolution is deemed terminated and has no further force or effect.

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

Approved this 4th day of October, 2010 by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka.

President

ATTEST:

Secretary

EXHIBIT A

Form of Bond

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
HENNEPIN COUNTY**

No. R-____ \$ _____

**Economic Development Authority in and for the City of Minnetonka
Tax Increment Revenue Bonds, Series 2010
(Glen Lake Project, Phases I &II)**

<u>Maturity Date</u>	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>CUSIP</u>
February 1, 20__		%	

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, 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 solely from the revenues and funds described herein, 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 a "Payment Date"), commencing February 1, 2011, 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 Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the office of the Finance Director of the City of Minnetonka (the "Registrar") acting as paying agent and registrar for the Bonds, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Payment Date by check or draft drawn upon the Registrar mailed (or under certain conditions specified in the Resolution 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 Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month

preceding such 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 Registrar 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 Registrar 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 \$_____ (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 the Resolution. The Bonds are issued to refinance certain public redevelopment costs of a project under and pursuant to Minnesota Statutes, Sections 469.001 to 469.047, 469.090 to 469.1081, and 469.174 to 469.1799, as amended (collectively, the “Act”). Reference is made to the Resolution (hereinafter defined) 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 the rights of the Holders of the Bonds, and the terms upon which the Bonds are issued and secured.

The Bonds are subject to redemption as follows:

(a) Optional Redemption. Bonds maturing on or after February 1, 20____ may be redeemed, in whole or in part, at the option of the Issuer on February 1, 20__ and any date thereafter 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.

(b) Scheduled Mandatory Redemption. The Bonds maturing on February 1, 20____ [etc] 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_____

Redemption Date	Principal	Redemption Date	Principal
-----------------	-----------	-----------------	-----------

**Maturity*

In the case of redemption of less than all Bonds Outstanding pursuant to paragraph (a) above, the Registrar shall select by lot the maturities of the Bonds to be redeemed, and the principal amount 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 Registrar at random or in such manner as the Registrar shall deem fair and appropriate.

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than twenty (20) 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. For Bonds registered to Cede & Co., as nominee of DTC, notice of redemption may instead be given by electronic notice, sent not less than twenty (20) days prior to the Redemption Date. 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.

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 Resolution No. _____ adopted by the Board of Commissioners of the Issuer on October 4, 2010 (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 financing 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.

As provided in the Resolution and subject to certain limitations therein set forth, this Bond is transferable by the Holder in person or by his, her or its attorney duly authorized in writing at the principal office of the Registrar upon presentation and surrender hereof to the Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and Registrar duly executed by, the Holder hereof or his, her or its attorney duly authorized in writing. Thereupon the Issuer shall execute and the Registrar 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 \$1,000 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 Registrar, in the manner and upon payment of the charges provided in the Resolution.

The Registrar 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, Registrar and any agent of the Issuer or Registrar 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, Registrar and agents of the Issuer or Registrar shall not be affected by notice to the contrary.

The Bonds have been designated by the Issuer as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

Capitalized terms which are used but not defined herein shall have the same meanings given them in, or pursuant to, the Resolution.

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

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 Resolution 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 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, has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its authorized officers, as of the Date of Original Issue first above written.

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

By _____
Its President

By _____
Its Executive Director

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Resolution.

Date of Registration:

_____, 2010

CITY FINANCE DIRECTOR,
as Registrar

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, STEMP, 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.)

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations

TEN COM — as tenants in common

TEN ENT — as tenants by entireties

JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT —
_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts or Transfers to Minors
Act _____ (State)

Additional abbreviations may also be used though not in the above list.

Document comparison by Workshare Professional on Friday, October 29, 2010
11:57:41 AM

Input:	
Document 1 ID	PowerDocs://DOCSOPEN/374848/6
Description	DOCSOPEN-#374848-v6-TIF_REVENUE_BONDS_2010_GLEN_LAKE
Document 2 ID	PowerDocs://DOCSOPEN/374848/7
Description	DOCSOPEN-#374848-v7-TIF_REVENUE_BONDS_2010_GLEN_LAKE
Rendering set	standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	1
Deletions	3
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	4