

MEETING NOTICE AND AGENDA MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY BOARD OF COMMISSIONERS

October 31, 2014

**Following 9:30 a.m. City Council Meeting
Room 317, City Hall
350 South 5th Street, Minneapolis, Minnesota**

Commission Members: Council Members Lisa Goodman (Chair), Jacob Frey (Vice-Chair), John Quincy (Secretary), Kevin Reich, Cam Gordon, Barbara Johnson, Blong Yang, Abdi Warsame, Elizabeth Glidden, Alondra Cano, Lisa Bender, Andrew Johnson and Linea Palmisano (quorum 7)

1. Accept Minutes of the Regular Meeting of August 1, 2014.
2. Approve and adopt the attached Resolution granting Preliminary and Final Approval of up to \$2,805,000 in 501(c)(3) Bank Qualified Bank Direct Tax-exempt Minneapolis Community Development Agency Revenue Bonds for Stonebridge Building Company, an affiliated building company for Stonebridge World School.

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

Attention: If you need this material in an alternative format please call Ahmed Muhumud at (612) 673-2162 or email Ahmed.Muhumud@minneapolismn.gov. Deaf and hard-of-hearing persons may use a relay service to call 311 agents at (612) 673-3000. TTY users may call (612) 673-2157 or (612) 673-2626. If you have any questions regarding this material please call 311 or (612) 673-2046; Hmong - Ceeb toom. Yog koj xav tau kev pab txhais cov xov no rau koj dawb, hu (612) 673-2800; Spanish - Atención. Si desea recibir asistencia gratuita para traducir esta información, llama (612) 673-2700; Somali - Ogow. Haddii aad dooneyso in lagaa kaalmeeyo tarjamadda macluumaadkani oo lacag la' aan wac (612) 673-3500. If you need a disability related accommodation, please contact CouncilCommitteeCoordinators@minneapolismn.gov.

The City of Minneapolis invites and encouraged participation by every resident to each program, service, and event within our city. Should you require an accommodation in order for you to fully participate, or should you require this document in a different format, please let us know by contacting 311 or 612-673-3000 at least 5 days prior to the noticed meeting.

**Minutes
Regular Meeting
Minneapolis Community Development Agency Board of Commissioners
August 1, 2014**

Present: Lisa Goodman (Chair), Members: Minneapolis City Council Members Kevin Reich, Cam Gordon, Jacob Frey, Barbara Johnson, Blong Yang, Abdi Warsame, Elizabeth Glidden, Alondra Cano, Lisa Bender, John Quincy, Andrew Johnson and Linea Palmisano.

Chair Goodman called the meeting to order at 10:30 a.m., in Room 317 City Hall, Minneapolis, Minnesota, immediately following the Minneapolis City Council Meeting, a quorum being present.

1. Accept Minutes of the Regular Meeting of April 25, 2014.

2. Approve the appointment by the Minneapolis Executive Committee of Craig Taylor to the appointed position of Director of the Department of Community Planning and Economic Development (CPED) and executive Director of the MCDA for a two-year term beginning January 2, 2014 and ending January 2, 2016.

Frey moved approval. Seconded

Adopted. Yeas – 13; Nays - 0

Yeas - Lisa Bender, Alondra Cano, Jacob Frey, Elizabeth Glidden, Cam Gordon, Andrew Johnson, Barbara Johnson, Linea Palmisano, John Quincy, Kevin Reich, Abdi Warsame, Blong Yang, and Lisa Goodman (Chair).

The action taken on Item 2 was approved by Mayor Betsy Hodges on August 11, 2014.

The meeting adjourned at 10:31 a.m.

John Quincy, Secretary

Date Minutes Accepted

**RESOLUTION OF THE
MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY**

Relating to the Minneapolis Community Development Agency Tax-Exempt Revenue Note (Stonebridge Building Company Project) Series 2014; authorizing the issuance thereof pursuant to Minnesota Statutes, Sections 469.152 to 469.1655, as amended

WHEREAS:

1. It has been proposed that the Minneapolis Community Development Agency (the "Agency") issue its tax-exempt revenue note in substantially the form attached hereto as Exhibit A (the "Note") in an aggregate principal amount not to exceed \$2,805,000 and that the proceeds of such Note be loaned to Stonebridge Building Company, a Minnesota nonprofit and 501(c)(3) corporation (the "Building Company") to finance a portion of the cost of the acquisition and renovation by the Building Company of the property located at 4530 Lyndale Avenue South in the City of Minneapolis, Minnesota (the "City"), and to pay costs of issuance (the "Project"), which Project, upon acquisition, will be owned by the Building Company and leased to and operated by Stonebridge World School, a Minnesota nonprofit and 501(c)(3) corporation (the "School").

2. The Note will be issued and secured pursuant to a Loan Agreement (the "Loan Agreement") between the Agency and the Building Company, and will be sold to Western Bank, National Association (the "Lender"). The Building Company will agree to repay the Note in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Note. The Agency's interest in the Loan Agreement (except for the Agency's right to receive payment of certain fees and expenses as well as its right to indemnification) will be assigned to the Lender pursuant to a Pledge Agreement between the Agency and the Lender. In addition, the Loan Agreement and related documents will contain provisions relating to the maintenance and operation of the Project, indemnification, insurance and other agreements and covenants which are required or permitted by the Act and which the Agency, the Building Company and the Lender deem necessary or desirable for the financing of the Project.

3. The Note will be additionally secured by a Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents (collectively the "Mortgage") made by the Building Company in favor of the Lender and by a Guaranty Agreement made by the School in favor of the Lender (the "Guaranty Agreement").

4. The Agency has been advised by the Building Company that the economic feasibility of the Project would be significantly reduced without the proposed revenue note financing, and that it has been acting to date in anticipation of the availability of tax exempt financing for the Project.

5. Pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and pursuant to a notice duly published not fewer than 15 days prior to the public hearing, on October 21, 2014, the Community Development and Regulatory Services Committee of the Minneapolis City Council (the "Committee") held a public hearing regarding the issuance of the Note, at which public hearing all persons were given an opportunity to speak. In addition, the City Council of the City gave preliminary and final approval of the issuance by the Agency of the Note at its meeting on the date hereof.

6. The Note and the interest thereon shall be payable solely from the revenue pledged therefor and the Note shall not constitute a debt of the Agency within the meaning of any constitutional or statutory limitation of indebtedness, nor shall the Note constitute nor give rise to a pecuniary liability of the Agency or the City or a charge against their general credit or taxing powers and shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Agency or the City, other than revenues from the Project pledged to the payment of the Note.

7. It is intended that interest on the Note be excluded from gross income of the holders thereof for federal income tax purposes and that the Note be designated as "bank qualified" for purposes of Section 265 of the Internal Revenue Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY, AS FOLLOWS:

I. General Authorization

A. On the basis of information available to the Agency it appears, and the Agency hereby finds, that: the Project constitutes properties, used or useful in connection with one or more revenue producing enterprises engaged in any business within the meaning of the Minnesota Statutes, Chapter 469 (the "Act"); the Project furthers the purposes stated in the Act; and it is in the best interests of the people of the City and in furtherance of the general plan of development to assist the Building Company in financing the Project.

B. For the purpose of financing the Project, and paying certain costs of issuance and other expenses in connection with the issuance of the Note, and provided that the Project and its financing receive approval by the Department of Employment and Economic Development ("DEED"), the Agency hereby authorizes the issuance, sale and delivery of the Note in an aggregate principal amount not to exceed \$2,805,000 to the Lender. The Note shall be in such principal amount, bear interest at such rate, mature, and be subject to prepayment prior to maturity as shall be determined by the Executive Director and Finance Officer of the Agency.

C. Neither the Note, nor the interest thereon, shall constitute an indebtedness of the Agency or the City within the meaning of any constitutional or statutory debt limitation; nor shall it constitute or give rise to a pecuniary liability of the Agency or the City or a charge against their general taxing powers and neither the full faith and credit nor the general taxing powers of the Agency or the City is pledged to the payment of the Note or interest thereon.

D. The Executive Director and Finance Officer of the Agency are authorized to review and approve all documents in connection with the sale, issuance and delivery of the Note, including without limitation, the following:

1. the Loan Agreement;
2. the form of the Note;
3. the form of Lease with the School (the "Lease");
4. a Pledge Agreement (the "Pledge Agreement") to be entered into between the Agency and Lender, pursuant to which the Agency will pledge, assign and grant a security interest in all of its right, title and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses);
5. the Mortgage pursuant to which the Building Company will secure payment of amounts due under the Loan Agreement and Note by granting to the Lender a mortgage, security interest, and assignment of rents in the property described therein; and
6. the Guaranty Agreement from the School to the Lender.

(collectively, the "Documents").

E. It is hereby found, determined and declared that:

1. It is desirable that the Note be issued by the Agency upon the general terms set forth in the Documents, as applicable;
2. Under the provisions of and as provided in the Documents, the Note is not to be payable from or a charge upon any funds other than the revenues pledged to the payment thereof; no holder of the Note shall ever have the right to compel any exercise by the Agency or the City of its taxing powers to pay the Note or the interest or premium thereon, or to enforce payment thereof against any property of the Agency or the City except the interests of the Agency which have been pledged to the payment thereof by the Documents; the Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Agency or the City except the interests of the Agency which have been pledged to the payment thereof by the Documents; the Note shall recite that it is payable, including interest thereon, solely from the revenues pledged to the payment thereof; and the Note shall not constitute a debt of the Agency, or the City within the meaning of any constitutional or statutory limitation.

F. Upon approval of the Documents and exhibits by the Executive Director and Finance Officer, the Executive Director and Finance Officer of the Agency, or such other officer as may be appropriate in the absence of either the Executive Director and Finance Officer, are hereby authorized to execute the Documents (to the extent the Agency is a party thereto) in the forms approved, and any other documents and certificates which in the opinion of Agency management and Bond Counsel are necessary to the transaction herein described. The execution of any instrument by the appropriate officer or officers of the Agency herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. The execution of any documents necessary for the transaction herein described by individuals who were at the time of execution thereof the authorized officers of the Agency shall bind the Agency, notwithstanding that such individuals or any of them has ceased to hold such office or offices prior to the authentication and delivery of the Note. Copies of all of the documents necessary to the transaction described shall be delivered, filed and recorded as provided herein and in the Loan Agreement and the Mortgage.

G. The Executive Director and other officers of the Agency are authorized and directed to prepare and furnish to the Lender and Bond Counsel certified copies of proceedings and records of the Agency relating to the issuance of the Note and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Note and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Agency as to the truth of all statements contained therein.

H. Approval by the Executive Director and Finance Officer of the various Documents referred to above includes approval of, among other things:

1. the final principal amount of the Note, provided that such principal amount shall not exceed \$2,805,000;
2. the interest rate or rates to be borne by the Note provided that the maximum annual interest rate shall be 7.0%;
3. the establishment of the maturity and prepayment provisions to be applicable to the Note provided that the final maturity of the Note shall not be later than 2034; and
4. such related instruments as may be required to satisfy the conditions of the Lender.

I. The Agency acknowledges that the Lender may grant participation interests in the Note to other financial institutions.

II. The Note

J. As conditions to the issuance and delivery of the Note, there shall be filed with the Lender (except to the extent waived by the Lender) the following items:

- (a) an executed copy of each of the following documents:
 - (1) the Loan Agreement;
 - (2) the Pledge Agreement;
 - (3) the Mortgage;
 - (4) the Lease; and
 - (5) the Guaranty Agreement;
- (b) an opinion of counsel for the Building Company and the School as prescribed by the Lender and Bond Counsel;
- (c) the opinion of Bond Counsel as to the validity and tax-exempt status of the Note;
- (d) such other documents and opinions as Bond Counsel may reasonably require for purposes of rendering its opinion required in (c) above or that the Lender may reasonably require for closing.

K. In case the Note shall become mutilated or be destroyed or lost, the Agency shall, if not then prohibited by law, cause to be executed and delivered a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the Lender's paying the reasonable expenses and charges of the Agency in connection therewith, and in the case of a Note destroyed or lost, the filing with the Agency of evidence satisfactory to the Agency with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

L. The Agency may deem and treat the person in whose name the Note is last registered by notation on the Note signed by an officer of the Agency, whether or not the Note shall be overdue, as the absolute owner of the Note for the purpose of receiving payment of or on account of the principal balance, redemption price or interest and for all other purposes whatsoever, and the Agency shall not be affected by any notice to the contrary.

M. The Note will be issued without being registered on any securities exchange under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note may not be assigned or transferred in whole or in part, nor may a participation interest in the Note be given pursuant to any participation agreement, except as an exempt security or as an exempt transaction.

III. Miscellaneous

N. The authority to approve, execute and deliver future amendments to financing documents entered into by the Agency in connection with the issuance of the Note and the other transactions herein contemplated, is hereby delegated to the Executive Director of the Agency, provided that: (a) such amendments do not require the consent of the Lender or if required, such consent has been obtained; (b) such amendments do not materially adversely affect the interests of the Agency as the issuer of the Note; (c) such amendments do not contravene or violate any policy of the Agency; and (d) the Agency has received an opinion of Bond Counsel that such changes do not adversely affect the tax-exempt status of interest on the Note. The execution of any instrument by the Executive Director of the Agency shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

O. No covenant, stipulation, obligation or agreement contained herein or in the Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board of Commissioners of the Agency, or any officer, agent or employee of the Agency in that person's individual capacity, and neither the Board of Commissioners nor any officer executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

P. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in this Resolution shall not affect the remaining portions of this Resolution or any part thereof.

Q. The Agency hereby designates the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

R. The publication of the notice of public hearing and the communication with the City as needed with respect to the issuance of the Note, are hereby ratified and confirmed. Agency management is authorized to take such other action as might be required to obtain any other approvals required for the issuance of the Note.

S. This resolution shall take effect upon approval.

Exhibit A

Form of Note

UNITED STATES OF AMERICA

STATE OF MINNESOTA

COUNTY OF HENNEPIN

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

TAX-EXEMPT REVENUE NOTE

(STONEBRIDGE BUILDING COMPANY PROJECT)

SERIES 2014

Dated: _____

FOR VALUE RECEIVED, the MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY (the “**Issuer**”) hereby promises to pay WESTERN BANK, NATIONAL ASSOCIATION, in Edina, Minnesota, its successors or registered assigns (the “**Lender**”), from the source and in the manner hereinafter provided, the principal sum of TWO MILLION EIGHT HUNDRED FIVE THOUSAND DOLLARS and no/100 (\$2,805,500.00), or so much thereof as remains unpaid from time to time (the “**Principal Balance**”), with interest thereon from the date hereof until paid or otherwise discharged as set forth in Section 1 below, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth.

Commencing on the date of this Note and continuing to the fifth anniversary of the date of this Note (the “**First Adjustment Date**”), the outstanding Principal Balance shall bear interest at a fixed rate per annum at all times equal to ___% (the “**Initial Rate**”).

Commencing upon the First Adjustment Date and continuing until the five-year anniversary of the First Adjustment Date (the “**Second Adjustment Date**”), interest shall accrue on the outstanding Principal Balance at a fixed rate per annum at all times equal to the rate for Fixed Rate Advances for a five (5) year period as made available by the Federal Home Loan Bank of Des Moines, Iowa (“**FHLBDI**”) on the Business Day immediately prior to the First Adjustment Date, plus 3.50%, with such sum then multiplied by 0.67, provided that in no event shall such rate be lower than 3.25% per annum or higher than 7.0% per annum (such rate is referred to herein as the “**First Adjusted Note Rate**”).

Commencing upon the Second Adjustment Date and continuing until the five-year anniversary of the Second Adjustment Date (the “**Third Adjustment Date**”), interest shall accrue on the outstanding Principal Balance at a fixed rate per annum at all times equal to the rate for Fixed Rate Advances for a five (5) year period as made available by the FHLBDI on the Business Day immediately prior to the Second Adjustment Date, plus 3.50%, with such sum then multiplied by 0.67, provided that in no event shall such rate be lower than 3.25% per annum or higher than 7.0% per annum (such rate is referred to herein as the “**Second Adjusted Note Rate**”).

Commencing upon the Third Adjustment Date and continuing until November 1, 2034 (the “**Final Maturity Date**”), interest shall accrue on the outstanding Principal Balance at a fixed rate per annum at all times equal to the rate for Fixed Rate Advances for a five (5) year period as made available by the FHLBDI on the Business Day immediately prior to the Third Adjustment Date, plus 3.50%, with such sum then multiplied by 0.67, provided that in no event shall such rate be lower than 3.25% per annum or higher than 7.0% per annum (such rate is referred to herein as the “**Third Adjusted Note Rate**”).

The First Adjusted Note Rate, the Second Adjusted Note Rate, and the Third Adjusted Note Rate are referred to collectively herein as the “**Adjusted Note Rate(s)**”. The First Adjustment Date, the Second Adjustment Date, and the Third Adjustment Date are referred to collectively herein as the “**Rate Adjustment Date(s)**”. Lender may lend to its customers at rates that are at, above or below any interest rate designated hereunder. If any interest rate designated hereunder ceases to be in effect during a period when such rate is to be in effect hereunder, Lender shall be entitled to designate a reasonably comparable substitute index for the calculation of the interest rate hereon so long as any amount remains outstanding hereunder.

The Principal Balance and accrued interest thereon shall be paid in arrears in equal monthly installments sufficient to amortize the Principal Balance over the term hereof. On each Rate Adjustment Date, the subsequent monthly payments will adjust so as to amortize the then-current Principal Balance over the remaining term hereof at the Adjusted Note Rate. The amortization schedule for the first five years hereof is attached as Appendix I. Any remaining Principal Balance and accrued interest thereon shall be paid in full no later than the Final Maturity Date.

In any event, the payments hereunder shall be sufficient to pay all principal and interest due, as such principal and interest becomes due, and to pay any premium or service charge, at maturity, upon redemption, or otherwise. Interest shall be computed on the basis of actual days elapsed in a year of 360 days.

Any monthly payment of principal or interest not made within ten (10) days of the due date shall be subject to a late payment fee equal to five percent (5%) of the monthly payment (including any final payment). The late payment fees shall apply individually to all payments past due. This provision shall not be deemed to excuse a late payment or be deemed a waiver of any other rights the Lender may have, including the right to declare the entire unpaid principal and interest immediately due and payable.

Upon the occurrence of an Event of Default and irrespective of whether Lender exercises its option to accelerate the maturity of this Note by reason of such Event of Default, or if all advances made by the Lender and all interest accrued thereon, have not been paid on or before the Final Maturity Date, all amounts due under this Note shall thereafter bear interest while such default continues at the rate of ____ percent (____%) per annum greater than the then current interest rate. No delay or omission on the part of the Lender in exercising any right hereunder or under any other instrument now or hereafter given to evidence or secure the indebtedness evidenced hereby, shall operate as a waiver of such right, or any other right hereunder, or under any of said agreements.

All payments and prepayments made hereon shall, at the option of the Lender, be applied in the following order: (i) to any costs of collection; (ii) to any late payment fees and service charges; (iii) to any prepayment premium; (iv) to accrued interest on this Note (including any default interest); and (v) to reduction of the Principal Balance. If any advances made by the Lender due to the occurrence of an Event of Default hereunder or under the terms of any instrument securing the Note are not repaid on demand, any moneys received, at the option of the Lender, may first be applied to repay such advances and the balance, if any, shall be applied on account of any installments then due.

Principal and interest and premium or service charge, if any, due hereunder shall be payable at the principal office of the Lender, or at such other place as the Lender may designate in writing.

This Note is issued by the Issuer to provide a portion of the funds for a project, as defined in Minnesota Statutes, Section 469.153, consisting of the acquisition and renovation of property by Stonebridge Building Company, a Minnesota nonprofit and 501(c)(3) corporation the “**Borrower**”) located at 4530 Lyndale Avenue South, Minneapolis, Minnesota (the “**Project**”) and then leased to Stonebridge World School, a Minnesota nonprofit and 501(c)(3) corporation (the “**School**”). The proceeds of the Note will be loaned to the Borrower pursuant to a Loan Agreement of even date herewith by and between the Issuer and the Borrower (the “**Loan Agreement**”).

This Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.152 to 469.1655 and pursuant to a resolution of the Commissioners of the Issuer duly adopted on October 31, 2014 (the “**Resolution**”), and a resolution of the City Council of the City of Minneapolis (the “**City**”) duly adopted on October 31, 2014, approving the issuance of the Note by the Issuer. A public hearing was held by the Community Development and Regulatory Services Committee on the Project and the issuance of the Note prior to the adoption of the Resolution and the resolution of the City Council of the City.

This Note is secured by a Pledge Agreement of even date herewith, between the Issuer and the Lender (the “**Pledge Agreement**”), by a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement of even date herewith executed by the Borrower in favor of the Lender (the “**Mortgage**”), and by a Guaranty Agreement dated as of the date hereof by the School in favor of the Lender.

The Issuer, for itself, its successors and assigns, hereby waives demand, presentment, protest and notice of dishonor, and to the extent permitted by law, the Lender may extend the due date of interest and/or principal of or any service charge or premium due on this Note, including the Final Maturity Date, or release any part or parts of the property and interest subject to the Mortgage or any other security document from the same, all without notice to or consent of any party liable hereon or thereon and without releasing any such party from such liability and whether or not as a result thereof the interest on the Note is no longer exempt from the federal or state income tax. In no event, however, may the Final Maturity Date of the Note be extended beyond 30 years from the date hereof.

There shall be a prepayment premium if the loan is pre-paid during the first four and one-half years of each five-year rate period. The prepayment premium shall be based on the principal balance pre-paid and the year the principal is pre-paid. The prepayment premium during the first year of each five year rate period will be five percent (5%) of the principal balance paid and will decrease by one percentage point each year thereafter. The first six months of the last year of each five-year rate period will have a one percent (1%) prepayment premium, however, there will be no prepayment premium for the last six months of each five-year rate period.

At any time on or after the date that is ten (10) years after the date of this Note, and upon providing one hundred and twenty (120) days’ written notice to the Borrower, Lender shall, at its sole option, have the right to call for payment in full of the principal balance of this Note plus accrued interest, with no prepayment premium.

Upon the occurrence of an Event of Default, as defined in the Loan Agreement, the Lender may declare the Principal Balance and accrued interest on the Note to be immediately due and payable.

In the event of prepayment of this Note in whole or in part, the Lender shall apply any such prepayment in the order described above. In the event of prepayment in part, the Principal Balance will be reduced in the inverse order of maturity. Except as provided above, the monthly payments due hereunder shall continue to be due and payable in full until the entire Principal Balance, accrued interest and any premium due on this Note have been paid.

Upon a Determination of Taxability, as defined in the Loan Agreement, this Note shall convert to a taxable obligation and the interest rate for interest accruing from the Date of Taxability, as defined in the Loan Agreement, shall be adjusted to an interest rate per annum equal to the then current Initial Rate or Adjusted Rate divided by .67 (the "**Taxable Rate**"). Any interest accruing from the Date of Taxability which is retroactively due as a result of the interest rate adjustment shall be payable on the first day of the following month along with regularly scheduled principal payment and interest accruing from the previous payment date at the Taxable Rate. If applicable, the interest rate shall thereafter be adjusted on each Rate Adjustment Date to the Taxable Rate in effect on such date. All such adjustments to the interest rate shall be made and become effective as of each Rate Adjustment Date and the interest rate as adjusted shall remain in effect through and including the day immediately preceding the applicable Rate Adjustment Date or the Final Maturity Date, as applicable.

This Note is only transferable upon the books of the Issuer at the office of the Issuer, by the Lender in person or by its agent duly authorized in writing, at the Lender's expense, upon surrender hereof together with a written instrument of transfer satisfactory to the Issuer, duly executed by the Lender or its duly authorized agent. Upon such transfer the Issuer will note the date of registration and the name and address of the new registered owner in the registration blank appearing below. The Issuer may deem and treat the person in whose name the Note is last registered upon the books of the Issuer with such registration noted on the Note, as the absolute owner hereof, whether or not overdue, for the purpose of receiving payment of or on the account of the Principal Balance, redemption price or interest and for all other purposes, and all such payments so made to the Lender or upon its order shall be valid and effective to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

All of the agreements, conditions, covenants, provisions and stipulations contained in the Resolution, the Loan Agreement, the Mortgage, the Lease, and the

Pledge Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.

This Note and interest thereon and any service charge and premium, if any, due hereunder, are payable solely from the revenues and proceeds derived from the Loan Agreement, the payment of which is secured by the Mortgage, and do not constitute a debt of the Issuer or the City within the meaning of any constitutional or statutory limitation, are not payable from or a charge upon any funds of the Issuer or the City other than the revenues and proceeds pledged by the Issuer to the payment thereof, and do not give rise to a pecuniary liability of the Issuer or the City or any of their respective officers, agents or employees, and no holder of this Note shall ever have the right to compel any exercise of the taxing power of the Issuer or the City to pay this Note or the interest thereon, or to enforce payment thereof against any property of the Issuer or the City, and this Note does not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer or the City, and the agreement of the Issuer to perform or cause the performance of the covenants and other provisions herein referred to shall be subject at all times to the availability of revenues or other funds furnished for such purpose in accordance with the Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof.

If an Event of Default (as that term is defined in the Loan Agreement or Mortgage) shall occur, then the Lender shall have the right and option to declare the Principal Balance and accrued interest thereon, immediately due and payable, whereupon the same, plus service charges and premium, shall be due and payable, but solely from sums made available under the Loan Agreement, the Mortgage and any other documents securing the Note. Failure to exercise such option at any time shall not constitute a waiver of the right to exercise the same at any subsequent time. In addition, the Lender shall have the remedies as provided in the Mortgage.

The remedies of the Lender, as provided herein and in the Loan Agreement, the Pledge Agreement and the Mortgage, are not exclusive and shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of the Lender, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Lender shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and, then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

This Note has been designated by the Issuer as a “qualified tax-exempt obligation” under Section 265(b) of the Internal Revenue Code of 1986, as amended.

The Borrower agrees to pay or reimburse the Lender upon demand all costs and expenses of enforcement and collection of this Note, whether or not suit be brought, including without limitation, reasonable attorneys’ fees and costs of suit and preparation therefor.

This Note has been issued without registration on any securities exchange under state or federal or other securities laws, pursuant to an exemption for such issuance; and accordingly this Note may not be assigned or transferred in whole or part, nor may a participation interest in this Note be given pursuant to any participation agreement, except in accordance with an applicable exemption from such registration requirements.

THIS NOTE, THE INTEREST HEREON, AND ANY OTHER AMOUNTS, PENALTY, CHARGE OR PREMIUM PAYABLE HEREUNDER, HOWEVER DESIGNATED (HEREINAFTER REFERRED TO THROUGHOUT AS THE “**NOTE**”) IS A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND PROCEEDS PLEDGED THERETO AND SECURED BY THE MORTGAGE. THIS NOTE AND THE INTEREST HEREON DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE CITY, THE STATE OF MINNESOTA, OR ANY POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS AND ARE NOT PAYABLE FROM OR A CHARGE UPON ANY FUNDS OF THE ISSUER OR THE CITY OTHER THAN THE REVENUES AND PROCEEDS PLEDGED BY THE ISSUER TO THE PAYMENT THEREOF AND DO NOT GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE CITY NOR OF ANY OF THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES AND NO HOLDER OF THE NOTE SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE ISSUER, THE CITY OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS TO PAY THIS NOTE OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE ISSUER OR THE CITY. THIS NOTE DOES NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE UPON ANY PROPERTY OF THE ISSUER OR THE CITY, AND THE AGREEMENT OF THE ISSUER TO PERFORM OR CAUSE THE PERFORMANCE OF THE COVENANTS AND OTHER PROVISIONS HEREIN REFERRED TO SHALL BE SUBJECT AT ALL TIMES TO THE AVAILABILITY OF REVENUES OR OTHER FUNDS FURNISHED FOR SUCH PURPOSE IN ACCORDANCE WITH THE LOAN AGREEMENT, SUFFICIENT TO PAY ALL COSTS OF SUCH PERFORMANCE OR THE ENFORCEMENT THEREOF. NEITHER THE

STATE OF MINNESOTA NOR ANY POLITICAL SUBDIVISION OF THE STATE OF MINNESOTA NOR THE ISSUER NOR THE CITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THIS NOTE, THE INTEREST HEREON OR OTHER COSTS INCIDENT HERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE LOAN AGREEMENT AND THE PLEDGE AGREEMENT, AS MORE FULLY SET FORTH IN THOSE DOCUMENTS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE CITY THE STATE OF MINNESOTA, NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THIS NOTE OR THE INTEREST HEREON OR OTHER COSTS INCIDENT HERETO. THIS NOTE IS NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY THEREOF AND IS NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THIS NOTE IS NEITHER A MORAL NOR AN ANNUAL APPROPRIATION OBLIGATION OF THE ISSUER, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist to happen and to be performed precedent to or in the issuance of this Note do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed in its name by the manual signatures of the Executive Director and Finance Officer, the corporate seal having been intentionally omitted as permitted by law, and has caused this Note to be dated as of first date above written.

MINNEAPOLIS COMMUNITY
DEVELOPMENT AGENCY

By _____

Its Executive Director

By _____

Its Finance Officer

PROVISIONS AS TO REGISTRATION

The ownership of the unpaid Principal Balance of this Note and the interest accruing thereon is registered on the books of the Minneapolis Community Development Agency in the name of the holder last noted below.

Date of	Name and Address	<u>Signature</u> _____ of <u>Executive Director</u>
<u>Registration</u>	<u>Registered Owner</u>	
_____, 2014	Western Bank, National Association 4400 W. 78 th Street Bloomington, MN 55435	_____ _____ _____ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPENDIX I

[To be attached.]