

## AGENDA

### **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL**

**• SPECIAL MEETING •  
THURSDAY, APRIL 17, 2014  
6:45 P.M.  
CRYSTAL CITY HALL  
COUNCIL CHAMBERS**

1. Call to order
2. Roll call
3. Consider approval of minutes from the April 1, 2014 regular meeting \*
4. PUBLIC HEARING: Consider a resolution authorizing the sale of a lot at 5332 50<sup>th</sup> Avenue North to Novak-Fleck for construction of a new house \*
5. Consider a resolution awarding the sale of, and providing the form, terms, covenants and directions for the issuance of the \$1,011,175 taxable tax increment revenue note, Series 2014 of the Economic Development Authority of the City of Crystal for The Cavanagh Senior Apartments
6. Other business
7. Adjournment

*\* Materials attached*

**Minutes of the  
Crystal Economic Development Authority  
Regular Meeting  
April 1, 2014**

President Deshler called the regular meeting of the Crystal Economic Development Authority to order at 6:50 p.m.

Upon call of the roll, the following members were present: Jim Adams, John Budziszewski, Julie Deshler, Mark Hoffmann, Laura Libby, Casey Peak and Joe Selton.

The following staff members were present: Anne Norris, Executive Director; John Sutter, City Planner/Assistant Community Development Director; and Michael Norton, City Attorney.

Motion by Commissioner Hoffmann (Adams) to approve the minutes from the March 18, 2014 special meeting.

Motion carried.

The EDA considered tentative acceptance of a proposal from Novak-Fleck to purchase a lot at 5332 50<sup>th</sup> Avenue North for construction of a new house.

Motion by Commissioner Budziszewski (Hoffmann) to tentatively accept a proposal from Novak-Fleck to purchase a lot at 5332 50<sup>th</sup> Avenue North for construction of a new house.

Motion carried.

Motion by Commissioner Budziszewski (Libby) to adjourn the regular meeting.

Motion carried.

The meeting adjourned at 6:56 p.m.

\_\_\_\_\_  
Julie Deshler, President

ATTEST:

\_\_\_\_\_  
Mark Hoffmann, Vice President



**EDA STAFF REPORT  
PUBLIC HEARING  
5332 50<sup>th</sup> – Sale of Lot to Novak-Fleck**

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**FROM:** John Sutter, City Planner/Assistant Community Development Director 

**DEPARTMENT HEAD REVIEW:** Patrick Peters, Community Development Director

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**DATE:** April 10, 2014

**TO:** Anne Norris, Executive Director (for April 17, 2014 EDA meeting)

**SUBJECT: PUBLIC HEARING: Consider a resolution authorizing the sale of lot at 5332 50<sup>th</sup> Avenue North to Novak-Fleck for construction of a new house**

On April 1 the EDA tentatively accepted a proposal from Novak-Fleck to purchase the lot at 5332 50<sup>th</sup> Avenue North for \$45,000. Novak-Fleck has a Minnesota Residential Building Contractor license with no enforcement actions.

The house would be a split entry with an attached two car garage. It would have 1,237 sq. ft. on the upper level, with an open living-dining-kitchen area, three bedrooms and two bathrooms. It would also have 1,144 unfinished sq. ft. on the lower level, which could be finished in the future with two bedrooms, a bathroom, laundry room and very large family room. The size and floor plan would be very similar to 3556 Welcome (completed December 2013) and 4720 Douglas Dr (currently under construction). Lot sale closing and construction start are anticipated by the end of April, with house completion in summer 2014. The builder has a buyer for the house.

The proposal meets city code and is in conformance with the EDA's lot sale guidelines. In this particular case, the guidelines include the EDA agreeing to install new water and sewer stubs, relocate a fire hydrant and create a curb cut on 50<sup>th</sup>. The cost of this work was included in the project budget when the EDA purchased the site from Hennepin County in fall 2012.

The proposed resolution, 2012 aerial photo, site sketch and house plan are attached.

**REQUESTED EDA ACTION:** After holding the public hearing and receiving any testimony, consider adopting the attached resolution authorizing the property sale.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL  
HENNEPIN COUNTY  
STATE OF MINNESOTA

RESOLUTION NO. 2014-\_\_\_\_\_

A RESOLUTION AUTHORIZING THE SALE OF  
5332 50<sup>TH</sup> AVENUE NORTH  
FOR NEW HOUSE CONSTRUCTION

WHEREAS, the Economic Development Authority of the City of Crystal ("the EDA") is the owner of 5332 50<sup>th</sup> Avenue North, legally described as Lot 2, Block 1, Crystal Economic Development Authority Fifth Addition, Hennepin County, Minnesota ("the Property"); and

WHEREAS, the EDA has solicited proposals from builders who desire to purchase the Property from the EDA and construct thereon a new single family house; and

WHEREAS, the EDA has reviewed and accepted the proposal from Novak-Fleck.

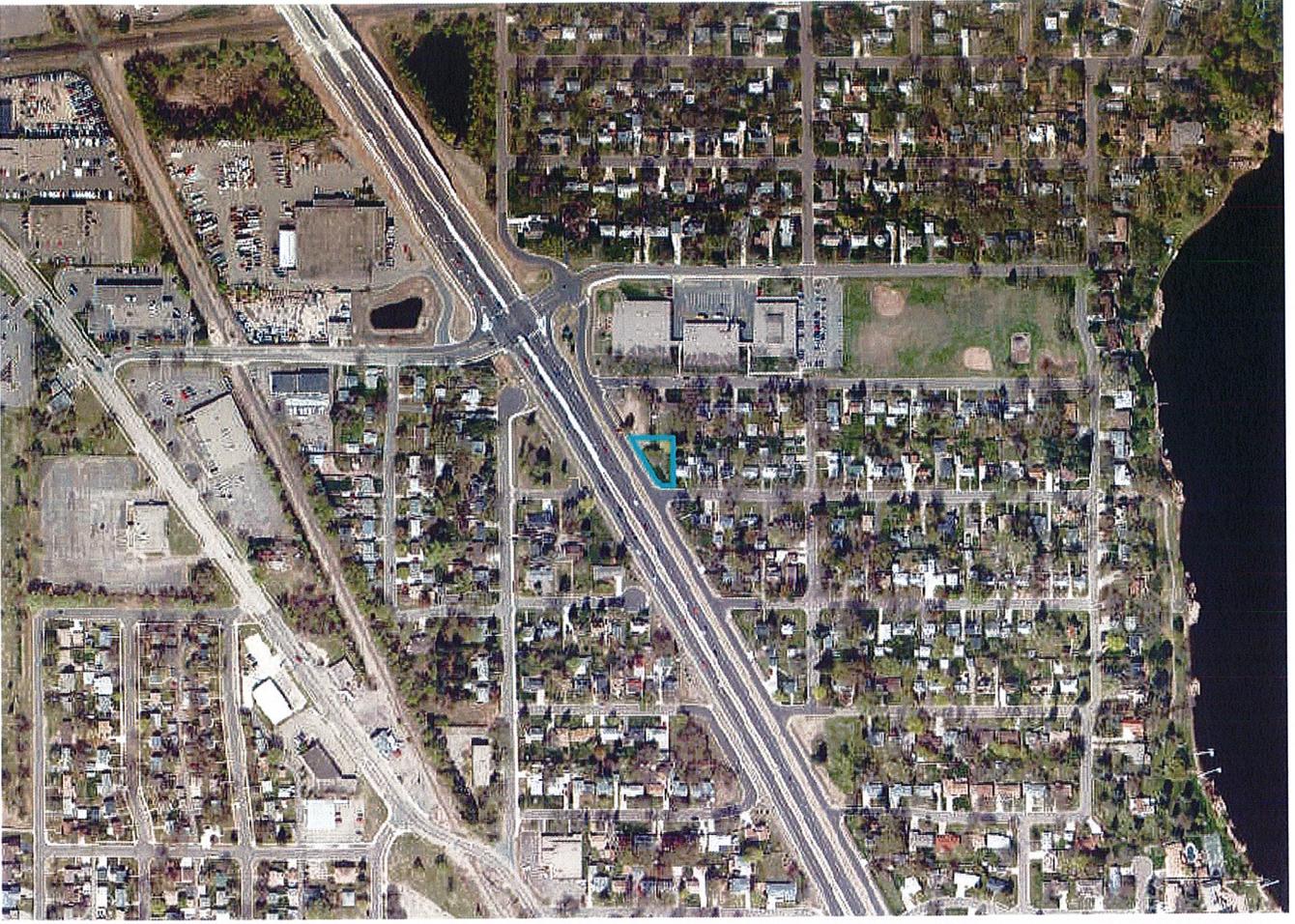
NOW, THEREFORE, BE IT RESOLVED that the EDA authorizes the sale of the Property to Novak-Fleck.

BE IT FURTHER RESOLVED that the sale shall be completed in accordance with the terms of the Purchase and Redevelopment Agreement in substantially the form on file in City Hall, and that the President and Deputy Executive Director are hereby authorized to sign said Agreement and other documents required to complete the sale of the Property to Novak-Fleck.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Julie Deshler, President

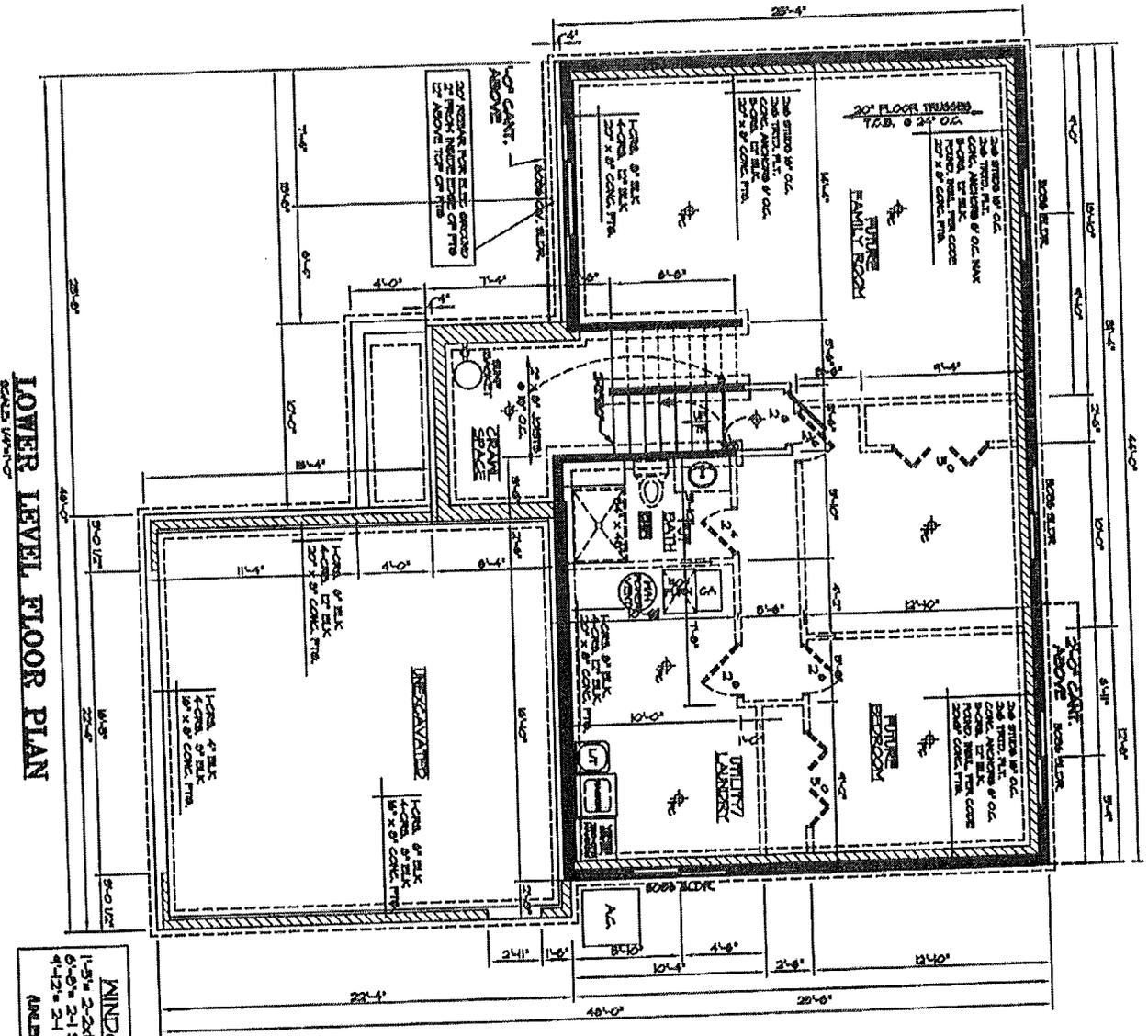
\_\_\_\_\_  
Anne Norris, Executive Director







# LOWER LEVEL FLOOR PLAN



**WINDOW HDR SIZES**  
 1-3/4" x 2-3/4" HDG.  
 1-1/2" x 2-1/2" HDG.  
 1-1/2" x 2-1/2" HDG.  
 (DIMENSIONS NOTED OTHERWISE)

PROJECT	WOODBRIDGE
DATE	08/11/11
DESIGNER	08/11/11
CONTRACTOR	08/11/11
OWNER	08/11/11
ADDRESS	08/11/11
CITY	08/11/11
STATE	08/11/11
ZIP	08/11/11
PHONE	08/11/11
FAX	08/11/11
EMAIL	08/11/11
WEBSITE	08/11/11

**NOTE:**  
 -DUE TO ELECTRONIC REPRODUCTION, THIS PLAN MAY NOT SCALE CORRECTLY. THE HOUSE WILL BE BUILT ACCORDING TO THE DIMENSIONS SPECIFIED.  
 -ALL DIMENSIONS, CONDITIONS AND SPECIFICATIONS ARE SUBJECT TO FIELD VERIFICATION. SOME CHANGES MAY BE NECESSARY.  
 -ALL ELECTRICAL SYMBOLS SHOWN ARE APPROXIMATE. ACTUAL PLACEMENT WILL BE DETERMINED BY THE ELECTRICIAN PER CODE REQUIREMENTS.  
 -ALL SQUARE FOOTAGES ARE DEEMED RELIABLE BUT NOT GUARANTEED.  
 -AIRTIGHT BOWES ON EXTERIOR WALLS, CATEGORY (AND) -CAULK & FLASH ALL EXTERIOR OPENINGS.









**EDA STAFF REPORT**  
**Resolution awarding the issuance of a tax increment revenue note for The Cavanagh**

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**FROM:** Patrick A. Peters, Deputy Executive Director *PA*

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**TO:** Anne Norris, Executive Director (for April 17, 2014 EDA Meeting)

**DATE:** April 9, 2014

**RE:** Consider a resolution awarding the sale of, and providing the form, terms, covenants and directions for the issuance of the \$1,011,175 taxable tax increment revenue note, Series 2014 of the Economic Development Authority of the City of Crystal (for The Cavanagh Apartments project)

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**BACKGROUND**

On December 18, 2012, the EDA approved Resolution #2012-28 authorizing execution of a Contract for Private Redevelopment with Crystal Leased Housing Associates I, Limited Partnership [Dominium Entity], and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its \$1,011,175 taxable tax increment revenue note for construction of The Cavanagh Apartments. The resolution now under consideration ratifies the approval of the TIF note and provides the final terms and conditions of issuance.

The EDA is obligated under the Contract to issue a TIF note in the amount of \$1,011,175 to finance the costs of construction of the minimum improvements. Because a new TIF district was not created for The Cavanagh project, the agreement stipulates that payments on the note will come from available increment in the existing Lamplighter TIF District (Housing District 2155), and the EDA will enforce the existing contracts for two projects in that district to ensure the increment continues to be collected. The EDA also funds a one-year debt service reserve on the note using existing Lamplighter TIF funds. The subject TIF note is in addition to the Housing Revenue Bonds that will be issued by the City.

**RECOMMENDATION**

Staff requests approval of the resolution awarding the sale of, and providing the form, terms, covenants and directions for the issuance of the \$1,011,175 taxable tax increment revenue note, Series 2014 of the Economic Development Authority of the City of Crystal.

**ATTACHMENT**

- A. Resolution awarding the sale of, and providing the form, terms, covenants and directions for the issuance of the \$1,011,175 taxable tax increment revenue note, Series 2014 of the Economic Development Authority of the City of Crystal.

**ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF THE \$1,011,175 TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2014 OF THE ECONOMIC DEVELOPMENT AUTHORITY**

BE IT RESOLVED BY the Board of Commissioners (the “Board”) of the Economic Development Authority of the City of Crystal (the “Authority”) as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The City of Crystal (the “City”) and the Authority have heretofore approved the establishment of Tax Increment Financing District No. 4 (the “TIF District”) within Redevelopment Project No. 1 (the “Project”), and have adopted a tax increment financing plan for the TIF District to finance certain improvements within the Project.

Pursuant to Minnesota Statutes, Section 469.178, the Authority is authorized to issue and sell its bonds for the purpose of financing a portion of the public redevelopment costs of the Project. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Authority previously approved the Contract for Private Redevelopment between the Authority and Crystal Leased Housing Associates I, Limited Partnership (the “Redeveloper”), as amended by a First Amendment thereto dated as of October 1, 2013, a Second Amendment thereto dated as of November 19, 2013, and a Third Amendment thereto dated as of March 18, 2014 (as so amended, the “Agreement”), and found that it was in the best interests of the Authority that it issue its \$1,011,175 Taxable Tax Increment Revenue Note, Series 2013 (the “Note”) pursuant to the terms of the Agreement for the purpose of financing certain public costs of the Project. The Authority hereby ratifies its finding and determination that it is in the best interests of the Authority to issue the Note, the designation of which is hereby modified to “Series 2014.”

1.02. Revenue Bonds. In accordance with the Agreement, the Redeveloper expects to finance a senior housing facility within the Project in part through issuance by the City of its Subordinate Multifamily Housing Revenue Bonds (The Cavanagh Project), Series 2014B (the “Series 2014B Bonds”), which bonds are one of a series of Housing Revenue Bonds as defined in the Agreement. Redeveloper further expects to pledge the Note to the trustee for the Series 2014B Bonds as additional collateral, as further described herein.

1.03. Issuance and Terms of the Note. The Note shall be issued to Crystal Leased Housing Associates I, LLLP (also referred to herein as the “Owner”), shall be delivered on the date of issuance of the Series 2014B Bonds, and shall be dated as of that date. The Note shall bear interest at the rate 5.0% per annum, accrued from the “Accrual Date,” which term means the date Redeveloper has certified, and the Authority has approved, Qualified Costs in at least the principal amount of the Note, all in accordance with Sections 3.8(e) and (f)(i) of the Agreement.

Section 2. Form of Note. The Note shall be in substantially the following form, with the blanks and payment schedule (Exhibit A) to be properly filled in and the principal amount adjusted as of the date of issue. The payment schedule assumes that interest accrues commencing August 1, 2014; upon determination of the actual interest accrual date, the payment schedule shall be adjusted accordingly.

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UNITED STATE OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN

No. R-1

\$1,011,175

ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF CRYSTAL  
TAX INCREMENT REVENUE NOTE, SERIES 2014

Rate: 5.0%

Date: \_\_\_\_\_, 2014

The Economic Development Authority of the City of Crystal (the "Authority") for value received, certifies that it is indebted and hereby promises to pay to Crystal Leased Housing Associates I, LLLP or registered assigns (the "Owner"), the principal sum of \$1,011,175 with interest thereon at the rate of 5.0% per annum, as and to the extent set forth herein. This Note is issued pursuant to the Contract for Private Redevelopment between the Authority and Crystal Leased Housing Associates I, Limited Partnership dated as of December 18, 2012, as amended by a First Amendment thereto dated as of October 1, 2013, a Second Amendment thereto dated as of November 19, 2013, and a Third Amendment thereto dated as of March 18, 2014 (as so amended, the "Agreement"). Capitalized terms not otherwise defined herein have the meaning provided in the Agreement.

1. Payments. Principal shall be paid in semi-annual installments (the "Payments") on each February 1 and August 1, commencing August 1, 2016 and concluding no later than February 1, 2026 (the "Payment Dates") in the amounts set forth in Exhibit A hereto, but solely from the sources set forth in Section 3 herein. Payments are payable by mail or wire transfer to the address of the Owner or such other address as the Owner may designate upon thirty (30) days written notice to the Authority. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts. Payments shall be applied first to accrued interest and second to outstanding principal.

2. Available Tax Increment. The Authority shall pay on each Payment Date to the Owner the lesser of the Available Tax Increment and the payment due on that date as set forth in Exhibit A, together with deferred amounts, if any, as set forth below. To the extent that on any Payment Date the Authority is unable to make the total scheduled payment due as a result of its having received as of such date insufficient Available Tax Increment, the Authority shall:

first apply any tax deficiency amounts that were collected under the TIF Contract and are available as of such Payment Date; and

second transfer from the Reserve Fund established pursuant to the Resolution as hereinafter defined (the “Reserve Fund”), any amount needed to cover the deficiency, to the extent of funds remaining the Reserve Fund.

If, after application of the above amounts, the Authority has insufficient funds to make the full scheduled payment due on such Payment Date, the amount of such deficiency shall be deferred and shall be paid, with interest thereon at the rate of interest on this Note, on the next Payment Date on which the Authority has available to it Available Tax Increment in excess of the amount necessary to make the scheduled payment due on such Payment Date.

Payments on this Note are payable on each Payment Date solely from and in the amount of “Available Tax Increment,” which shall mean, on each Payment Date, ninety percent (90%) of the Tax Increment attributable to Tax Increment Financing District No. 4 (the “TIF District”) that is paid to the Authority by Hennepin County in the six (6) months preceding the Payment Date. If on any Payment Date, amounts described in the previous sentence are insufficient to pay the principal and interest then due on this Note, and the Authority collects any tax deficiency under either or both of the TIF Contracts for the same tax-payable year that was the source of the Tax Increment for the subject payment on this Note, then the Authority shall treat such tax deficiency as Available Tax Increment. The Authority will apply any such TIF Contract tax deficiency amount to the payment due on the next Payment Date (prior to any transfer from the Reserve Fund on such Payment Date).

The Authority shall have no obligation to pay principal of this Note or interest thereon on each Payment Date from any source other than Available Tax Increment and the failure of the Authority to pay the entire amount due on any Payment Date shall not constitute a default hereunder as long as the Authority pays principal and interest hereon to the extent of Available Tax Increment or transfers from the Reserve Fund. The Authority shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2026 except from Available Tax Increment attributable to property taxes paid in the 2025 or any prior years.

3. Interest. Interest accruing from the Accrual Date (as defined in the Resolution described in Section 6 below) through and including February 1, 2016 shall compounded semiannually on February 1 and August 1 of each year and added to principal. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months. The payment schedule attached as Exhibit A assumes the Accrual Date is August 1, 2014, and incorporates the compounding described in this paragraph; provided that if the Accrual Date is other than August 1, 2014, the payment schedule in Exhibit A shall be adjusted accordingly.

4. Default. Upon an Event of Default by the Redeveloper under the Agreement, the Authority may exercise the remedies with respect to this Note described in Section 9.2 of the Agreement, the terms of which are incorporated herein by reference.

5. No Prepayment. This Note is issued with no option of prepayment.

6. Nature of Obligation. This Note is in the total principal amount of \$1,011,175 issued to aid in financing certain public redevelopment costs and administrative costs of a Project undertaken by the Authority pursuant to Minnesota Statutes, Sections 469.001 through 469.047, and is issued pursuant to the Agreement and an authorizing resolution (the "Resolution") duly adopted by the Authority on April 17, 2014, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.179. This Note is a limited obligation of the Authority which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution, together with amounts available in the Reserve Fund. This Note shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of this Note or other costs incident hereto.

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

Except as otherwise provided in the Resolution, this Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the Authority according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Authority has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

**ECONOMIC DEVELOPMENT  
AUTHORITY  
OF THE CITY OF CRYSTAL**

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President

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Executive Director

**REGISTRATION PROVISIONS**

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

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
_____, 2014	<u>Crystal Leased Housing Associates I, LLLP</u>	_____

**EXHIBIT A**

**TO TAX INCREMENT REVENUE NOTE, SERIES 2014  
ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF CRYSTAL**

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
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**[To be completed at the time of issuance of the Note.]**

(End of Note Form)

Section 3.     Terms, Execution and Delivery.

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

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

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

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

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

(b)     Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Authority has been

provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date. The provisions of this paragraph do not apply in the event the Owner assigns this Note solely as a collateral pledge as security for a lender in connection with financing or refinancing of the Minimum Improvements.

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

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

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

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

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

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

#### Section 4. Security Provisions.

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

4.02. Debt Service Fund. Until the date the Note is no longer outstanding and no principal or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate "Debt Service Fund" to be used for no purpose other than the payment of the principal and interest on the Note. The Authority irrevocably agrees to deposit in the Debt Service Fund, at least three business days before each Payment Date, Available Tax Increment in the amount of the scheduled payment then due. Any Available Tax Increment remaining in the Debt Service Fund shall be transferred to the Authority's account for the TIF District upon the termination of the Note in accordance with its terms.

4.03. Reserve Fund. Until the date the Note is no longer outstanding and no principal or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the authority shall maintain a separate "Reserve Fund." Upon the date of issuance of the Note, the Authority shall deposit in the Reserve Fund the amount required under the Agreement. On any Payment Date under the Note on which Available Tax Increment is insufficient to pay the amount then due, the Authority shall (after first applying any TIF Contract tax deficiency amounts then available) transfer funds from the Reserve Fund to the Debt Service Fund in the amount necessary to cure the deficiency (or such lesser amounts then on deposit in the Reserve Fund). The Authority shall have no obligation to replenish the Reserve Fund after any transfer. The Authority may invest funds in the Reserve Fund at its discretion, and interest earnings on the Reserve Fund are payable to the Authority.

#### Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies

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

Section 6. Collateral Assignment. The Authority approves the Consent and Agreement (the "Consent") between the Authority and U.S. Bank National Association (the "Trustee"), under which the Authority consents to assignment by the Owner of the Note to the Trustee as additional security for the Series 2014B Bonds. The Authority President and Executive Director are authorized and directed to execute the Consent in substantially the form on file in City Hall, subject to modifications that do not affect the substance of the transaction and are approved by those officials, provided that execution by those officials is conclusive evidence of their approval.

Section 7. Effective Date. This resolution is effective upon adoption.

Adopted this 17th day of April, 2014.

**ECONOMIC                      DEVELOPMENT  
AUTHORITY  
OF THE CITY OF CRYSTAL**

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President

ATTEST:

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Executive Director