

**TAYLORS FALLS CITY COUNCIL MEETING
COUNCIL CHAMBERS
MONDAY, OCTOBER 13, 2014 – 7:00 P.M.**

MINUTES

The Agenda for this Meeting was posted Wednesday, October 8, 2014 at City Hall, the Post Office and on the City's Web Site. Copies were e-mailed to residents requesting such, and the Press was notified.

The Taylors Falls City Council met for a regular meeting on Monday, October 13, 2014 at 7:00 p.m. in Council Chambers at City Hall, 637 First Street, Taylors Falls, Minnesota.

CALL TO ORDER

The Meeting was called to order at 7:00 p.m. by Mayor Mike Buchite.

PLEDGE OF ALLEGIANCE

All those present at the meeting recited the Pledge of Allegiance to the United States flag.

ROLL CALL

MEMBERS PRESENT: Mike Buchite, Ross Rivard, John Tangen, Larry Julik-Heine, Mary Jo Murphy

MEMBERS ABSENT: None

OTHERS PRESENT: Jo Everson, Clerk-Treasurer, Julie Hildebrand, HPC Chair, Nick Anhut from Ehlers & Associates, and Paul Rignell from the Chisago County Press.

ADOPTION OF AGENDA

MOTION BY RIVARD/JULIK-HEINE TO APPROVE THE AGENDA AS PRESENTED FOR THE OCTOBER 13, 2014 COUNCIL MEETING. MOTION CARRIED UNANIMOUSLY.

ADOPTION OF CONSENT AGENDA

MOTION BY MURPHY/TANGEN TO APPROVE/ACCEPT THE FOLLOWING CONSENT AGENDA ITEMS: MINUTES OF CITY COUNCIL MEETINGS HELD ON SEPTEMBER 8, SEPTEMBER 22, 2014 AND BUDGET WORKSHOPS HELD ON AUGUST 6, 13, 20, 27, AND SEPTEMBER 8, 2014; STAFF REPORTS; STAFF VACATION REQUESTS; COMMISSION/BOARD OR COMMITTEE MINUTES/REPORTS; CONSIDER AGREEMENT RELATING TO PAYING AGENCY, REGISTRAR, AND TRANSFER AGENCY; CONSIDER DONATION TO LIGHTING FESTIVAL COMMITTEE; CONSIDER APPROVING EXCLUDED BINGO EVENTS FOR TF LIONS CLUB; CONSIDER APPROVAL OF CLAIMS & PAYROLL; AND CORRESPONDENCE. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF MINUTES OF PREVIOUS COUNCIL MEETING MEETING(S)

THE CITY COUNCIL APPROVED BY CONSENT AGENDA THE MINUTES OF THE TAYLORS FALLS CITY COUNCIL MEETINGS HELD ON SEPTEMBER 8, SEPTEMBER 22, 2014 AND BUDGET WORKSHOPS HELD ON AUGUST 6, 13, 20, 27, AND SEPTEMBER 8, 2014.

PUBLIC FORUM

None.

STAFF REPORTS & REQUESTS

ADMINISTRATIVE DEPARTMENT

CLERK-TREASURER. THE CITY COUNCIL ACCEPTED BY CONSENT AGENDA THE OCTOBER 2014 FINANCIAL REPORTS PRESENTED BY CLERK-TREASURER JO EVERSON.

THE CITY COUNCIL APPROVED BY CONSENT AGENDA CITY CLERK-TREASURER JO EVERSON'S FINAL 2014 VACATION REQUESTS (WITH VARIOUS DATES) TOTALLING 120 HOURS, WITH 38.25 HOURS REMAINING FOR EVERSON IN 2014.

COORDINATOR-ZONING ADMINISTRATOR. THE COUNCIL ACCEPTED BY CONSENT AGENDA THE OCTOBER 2014 REPORT AS PRESENTED BY COORDINATOR-ZONING ADMINISTRATOR ADAM BERKLUND.

PUBLIC WORKS DEPARTMENT

THE CITY COUNCIL ACCEPTED BY CONSENT AGENDA THE OCTOBER 2014 PUBLIC WORKS DEPARTMENT REPORT AS PRESENTED BY PUBLIC WORKS SUPERINTENDENT MIKE KRIZ.

THE CITY COUNCIL APPROVED BY CONSENT AGENDA PUBLIC WORKS SUPERINTENDENT'S VACATION REQUEST FOR OCTOBER 20TH – OCTOBER 23RD , 2014 WITH RETURN TO WORK ON OCTOBER 24TH, 2014.

CHISAGO COUNTY SHERIFF'S DEPARTMENT

THE CITY COUNCIL ACCEPTED BY CONSENT AGENDA SERGEANT SHANE CARROLL'S SEPTEMBER 2014 CHISAGO COUNTY SHERIFF'S DEPARTMENT REPORTS.

CITY ATTORNEY

THE CITY COUNCIL ACCEPTED BY CONSENT AGENDA THE SEPTEMBER 2014 BILLING STATEMENTS FROM THE CITY ATTORNEY'S OFFICE OF KELLY AND LEMMONS, P.A.

COMMISSION, BOARD OR COMMITTEE MINUTES/REPORTS

LIBRARY BOARD

THE CITY COUNCIL ACCEPTED BY CONSENT AGENDA THE MINUTES FROM THE LIBRARY BOARD MEETINGS HELD ON AUGUST 27, 2014 AND SEPTEMBER 24, 2014.

UNFINISHED BUSINESS

CONSIDER HPC'S RECOMMENDATION TO HIRE CONSULTANT FOR DESIGNATION ASSISTANCE

Heritage Preservation Commission (HPC) Chair Julie Hildebrand appeared before the Council to present her request once again, for approval to hire a consultant to assist in completing a designation form for the Seavey Barn, owned by Lyle and Lesli Johnson. The request was to hire Two Pines Resources to complete the designation form for the Seavey Barn at a cost of up to \$500. Hildebrand explained that designating a barn such as this will need attention to detail that is more difficult to complete than a house designation. She clarified that the Minnesota Historical Society (MHS) provides only a letter of comment, which is not binding. The City could disagree with the letter from the MHS and move forward with the designation on a local level. Hildebrand continued by providing instances describing how the history of the barn (stable) is important to the City, and perhaps only the City.

Mayor Buchite stated he was uncomfortable with the idea that a designation is pursued knowing the MHS would comment it is not worthy of a designation. "No matter how we write it, or submit it, the MHS will say no." If we don't follow what the MHS says is historically significant, then how does this impact future designations. Furthermore, he was not in favor of spending tax dollars on a designation that the HPC knows in advance that it would not be approved by the MHS.

CM John Tangen reminded Council that the HPC has the money in their budget, and this would be the only time an outside source would be used to write a designation. He was in favor of pursuing the designation and hiring Two Pines Resources to draft the designation form.

CM Mary Murphy stated that the HPC has a partnership with the MHS, and if the property will not meet the standard of the MHS, it defeats the purpose of having that partnership.

CM Ross Rivard stated that there are many other historic homes that could be pursued knowing the MHS would agree to.

CM Larry Julik-Heine agreed with Julie. This is a 1854 structure and it is a link to the City's past, speaks to our general historic story and tells us another part of the story. "Nothing ventured, nothing gained." He stated that it is doubtful that this designation would interrupt that partnership with the MHS. Every designation must be reviewed on a case by case basis.

Hildebrand indicated that even if the Council were to deny the expense of hiring someone to assist in the designation, it doesn't necessarily mean the HPC would discontinue pursuing it without the assistance. She stated that she hoped the Council would keep an open mind if they were to submit the barn/stable as a local designation in the future.

As Mayor Buchite reiterated, it is not about the money, it is about receiving positive comments from the MHS, which strengthens and supports the designation.

MOTION BY MURPHY/RIVARD TO DENY THE TAYLORS FALLS HERITAGE PRESERVATION COMMISSION'S RECOMMENDATION TO HIRE A CONSULTANT FOR DESIGNATION ASSISTANCE FOR THE SEAVEY BARN. AYES: MURPHY, RIVARD. NAYES: TANGEN, JULIK-HEINE. WITH MAYOR BUCHITE VOTING LAST WITH AN AYE, MOTION CARRIED.

NEW BUSINESS

CONSIDER RESOLUTION 14-10-01 RATIFYING PROPOSAL ON SALE OF GO TIF BONDS

Nick Anhut from the City's Financial Advisors Ehlers & Associates, explained the approving Resolution before the Council is ratifying sale of the General Obligation Tax Increment Bond Series 2014A, and the purchase of these bonds by Northland Securities. This is the final piece of the financing assistance for "The Lodge at Taylors Falls" project, the proposed assisted living facility project to be built on Mulberry Street. Once the City closes on the transaction (scheduled this week) the Developer will have completed his financing requirements (they had closed on the sale of housing revenue bonds last week). Anhut assured the Council that the \$46,000 average debt service payment will be funded in its entirety by the tax increments received and the minimum assessment agreement agreed to by the Developer.

MOTION BY JULIK-HEINE/RIVARD TO ADOPT RESOLUTION 14-10-01, A RESOLUTION RATIFYING PROPOSAL ON THE SALE OF THE \$725,000 GENERAL OBLIGATION TAX INCREMENTS BONDS, SERIES 2014A, PROVIDING FOR THEIR ISSUANCE, PLEDGING TAX INCREMENTS FOR THE SECURITY AND PAYMENT THEREOF. MOTION CARRIED UNANIMOUSLY. (attached).

Mayor commended the City Clerk-Treasurer for her participation in the Standard & Poor's rating interview, which resulted in an A+ rating.

CONSIDER REPAIR/REPLACEMENT OF ALTITUDE VALVE FOR WATER STORAGE TANK

Public Works Superintendent Mike Kriz reported that the valve that controls the high pressure side with the low pressure side in the water tank must be replaced. This is generally done every five to ten years. It was difficult to find the same type valve.

MOTION BY MURPHY/JULIK-HEINE TO APPROVE THE PURCHASE OF A ALTITUDE VALVE FOR THE WATER STORAGE TANK FROM GA INDUSTRIES AT AN ESTIMATED COST OF \$3,200.00 TO BE PAID FROM THE WATER FUND (601). MOTION CARRIED UNANIMOUSLY.

CONSIDER AGREEMENT RELATING TO PAYING AGENCY, REGISTRAR AND TRANSFER AGENCY
THE CITY COUNCIL APPROVED BY CONSENT AGENDA THE AGREEMENT RELATING TO PAYING AGENCY, REGISTRAR AND TRANSFER AGENCY, AND FURTHER, TO AUTHORIZE THE MAYOR AND CITY CLERK'S SIGANTURES ON SAID AGREEMENT. (attached)

CONSIDER DONATION REQUEST TO LIGHTING FESTIVAL COMMITTEE

THE CITY COUNCIL APPROVED BY CONSENT AGENDA A DONATION OF \$800.00 TO THE TAYLORS FALLS LIGHTING FESTIVAL COMMITTEE, TO BE USED TOWARDS EXPENSES FOR THE 2014 FESTIVAL.

IT WAS FURTHER MOVED TO AUTHORIZE THE USE OF THE CITY'S COMMERCIAL LOT NORTH OF TOWN FOR A PARKING AREA DURING THE 2014 LIGHTING FESTIVAL.

CONSIDER APPROVING EXCLUDED BINGO EVENTS FOR TF LIONS CLUB

THE CITY COUNCIL APPROVED BY CONSENT AGENDA THE APPLICATION FOR THE TAYLORS FALLS LIONS CLUB TO HOST EXCLUDED BINGO ON TWO OCCASIONS AT THE TAYLORS FALLS MEMORIAL COMMUNITY CENTER: ON FRIDAY, NOVEMBER 21, 2014 FOR THE LIONS CLUB ANNUAL TURKEY/HAM BINGO; AND ON SATURDAY, NOVEMBER 29, 2014 FOR THE ANNUAL LIGHTING FESTIVAL BINGO.

APPROVAL OF CLAIMS & PAYROLL

THE CITY COUNCIL APPROVED BY CONSENT AGENDA THE PAYMENT OF CHECK NUMBERS 25985 - 26024 TOTTALLING \$34,623.06 IN EXPENDITURES, AND CHECK NUMBERS 6535 - 6545 TOTTALLING \$12,213.59 FOR SEPTEMBER PAYROLL.

LIAISON OR COUNCIL MEMBER REPORTS

Mary Murphy reported that she is up for election this November and has spent time visiting with several property owner/taxpayers. The EDC will meet this week. All the signs on the River Walk trail have been installed.

Ross Rivard reported that the PC has begun their review of Chapter 2 of the Zoning Ordinance.

John Tangen reported that the HPC would be submitting an agenda item for consideration at the next Council Meeting.

Julik-Heine also reported he and Berklund had met with John Hock from Franconia Sculpture Park to discuss a potential new project for the ArtPlace of America Grant. This may come before the Council at a future meeting.

Also reported by CM Julik-Heine was that he and Coordinator-Zoning Administrator Adam Berklund attended a pre-con meeting with the contractor for the Lions Park project. It looks to be a great project. Another great project was the Soil & Water Conservation culvert project, except that the first heavy rains washed out the new plants. They will be replaced in the spring.

Mayor Mike Buchite expressed his appreciation to the Council for their willingness to work together even when there are differing opinions at this meeting earlier. He also wished Murphy and Rivard good luck in the upcoming election.

CORRESPONDENCE

1. VACATION LEAVE REQUESTS
2. CORRESPONDENCE FROM CENTRAL MN COUNCIL ON AGING, RE: APPRECIATION OF SUPPORT
3. CHISAGO COUNTY FACT SHEET FOR NOTIFICATION OF RELEASE IN MN
4. NOTICE FROM STATE AUDITOR, OVERDUE REPORTS FOR TF FIRE RELIEF ASSOCIATION
5. NOTICE FROM CENTURYLINK, PUC, DEPT OF COMMERCE, RE: APPLICATION TO PROVIDE SERVICE IN THIS AREA BY CENTURYLINK/QWEST CORPORATION
6. NOTICE FROM MNPCA, SEWER COMPLIANCE EVALUATION INSPECTION REPORT.
7. STAFF CORRESPONDENCE & EMAIL'S

ADJOURNMENT

MOTION BY MURPHY/JULIK-HEINE TO ADJOURN THE MEETING OF THE TAYLORS FALLS CITY COUNCIL HELD THIS 13TH OF OCTOBER, 2014. MOTION CARRIED UNANIMOUSLY.

Being no further business to come before the Council, the Meeting adjourned at 7:40 p.m.

Michael D. Buchite, Mayor

Jo Everson, Clerk-Treasurer

APPROVED: NOVEMBER 10, 2014

RESOLUTION 14-10-01

**CITY OF TAYLORS FALLS
CHISAGO COUNTY
STATE OF MINNESOTA**

A RESOLUTION RATIFYING PROPOSAL ON THE SALE OF \$725,000 GENERAL OBLIGATION TAX INCREMENT BONDS, SERIES 2014A, PROVIDING FOR THEIR ISSUANCE, PLEDGING TAX INCREMENTS FOR THE SECURITY AND PAYMENT THEREOF

WHEREAS, on October 6, 2014, the City Clerk-Treasurer was presented proposals on \$725,000 General Obligation Tax Increment Bonds, Series 2014A, for which proposals were received, opened and tabulated by the City Clerk-Treasurer, or her designee, on October 6, 2014, in accordance with the resolution adopted by the City Council on August 25, 2014.

WHEREAS, the following proposals were received, opened and tabulated at 11:00 A.M. on October 6, 2014 at the offices of Ehlers & Associates, Inc., in Roseville, Minnesota, in the presence of the City Clerk-Treasurer, or her designee:

<u>Bidder</u>	<u>Interest Rate</u>	<u>Net Interest Cost</u>
	(See attached)	

WHEREAS, the Council proceeded to consider and discuss the proposals, and it was found, determined and declared that the proposal of Northland Securities, Inc. to be the most favorable proposal received and said proposal was thereby accepted.

WHEREAS, the City Council of the City of Taylors Falls, Minnesota (the "City"), has heretofore established Development District No. 1 (the "Development District") pursuant to the provisions of Minnesota Statutes, Sections 469.124 through 469.134, and has approved a Development Program (the "Program") with respect to the Development District; and

WHEREAS, the City Council has also heretofore established Tax Increment Financing District No. 1-4 as a housing district within the Development District (the "Tax Increment District") under the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as amended, and has approved a tax increment financing plan (the "Plan") with respect to the Tax Increment District; and

WHEREAS, pursuant to the provisions of the Program and Plan, funds are to be expended within the Development District for the purpose of providing money to finance eligible project costs within the Tax Increment District, constituting capital and administration costs associated with the construction and equipping of a senior housing project, as set forth in the Plan (the "Project") and the tax increments derived from the Tax Increment District are referred to herein as the "Tax Increments"; and

WHEREAS, a public hearing on the Project was held on September 8, 2014, after notice was published, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, at which public hearing all those appearing who desired to speak were heard and written comments were accepted.

WHEREAS, it is proposed that the City enter into that certain Development and Loan Agreement with The Lodge of Taylors Falls LLC, a Minnesota limited liability company, whose sole member is Community Asset Foundation, a Minnesota nonprofit corporation (the "Developer") dated

as of October 1, 2014 (the "Loan Agreement") and pursuant to Section 4.3 thereof the Developer shall make any tax increment short fall guaranty payments to the City (the "Shortfall Payments"); and

WHEREAS, the City has heretofore determined and declared that it is necessary and expedient to issue \$725,000 General Obligation Tax Increment Bonds, Series 2014A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapters 469 and 475; and

WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Taylors Falls, Minnesota, as follows:

1. Acceptance of Proposal. The proposal of Northland Securities, Inc., Minneapolis, Minnesota (the "Purchaser"), to purchase the Bonds, in accordance with the Preliminary Official Statement established for the Bonds, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$714,125, plus interest accrued to settlement, is hereby ratified and the Bonds are hereby awarded to the Purchaser.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated October 15, 2014, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	\$20,000	2031	\$25,000
2019	20,000	2032	25,000
2020	20,000	2033	30,000
2021	20,000	2034	30,000
2022	20,000	2035	30,000
2023	20,000	2036	30,000
2024	20,000	2037	35,000
2025	20,000	2038	35,000
2026	25,000	2039	35,000
2027	25,000	2040	40,000
2028	25,000	2041	40,000
2029	25,000	2042	40,000
2030	25,000	2043	45,000

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

For the purpose of complying with Minnesota Statutes, Section 475.54, Subdivision 1, the maturity schedule for the Bonds has been combined with the maturity schedule of the City's

outstanding _____, as permitted by Minnesota Statutes, Section 475.54, Subdivision 2

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.

(c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee

by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representation are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representation shall control.

3. Purpose; Findings. The Bonds shall provide funds to finance the Project. Pursuant to the Loan Agreement, Tax Increments and any Shortfall Payments have been pledged to the payment of the Bonds and interest thereon. The estimated collection of Tax Increments exceeds twenty percent of the cost of the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Proceeds of the Bonds shall be expended on costs or uses permitted by Minnesota Statutes, Sections 469.174 through 469.179, including particularly Section 469.174, Subdivision 11, and shall not be expended on any costs or devoted to any other uses.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2015, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2018	2.000%	2031	3.375%
2019	2.000%	2032	3.375%
2020	2.000%	2033	3.375%
2021	3.000%	2034	4.000%
2022	3.000%	2035	4.000%
2023	3.000%	2036	4.000%
2024	3.000%	2037	4.000%
2025	3.000%	2038	4.000%
2026	3.100%	2039	4.000%
2027	3.100%	2040	4.000%
2028	3.100%	2041	4.000%
2029	3.100%	2042	4.000%
2030	3.375%	2043	4.000%

5. Redemption. All Bonds maturing on February 1, 2024, and thereafter shall be subject to redemption and prepayment at the option of the City on February 1, 2023, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a

distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Bond Trust Services Corporation, in Roseville, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered Holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CHISAGO COUNTY
CITY OF TAYLORS FALLS

R-_____ \$_____

GENERAL OBLIGATION TAX INCREMENT BOND, SERIES 2014A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1,	October 15, 2014	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE CITY OF TAYLORS FALLS, CHISAGO COUNTY, 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, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2015, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium,

if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation, in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond 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 premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2024, and thereafter are subject to redemption and prepayment at the option of the Issuer on February 1, 2023, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$725,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and a resolution adopted by the City Council on October 13, 2014 (the "Resolution"), for the purpose of providing funds to finance capital and administration costs of a senior housing project within Tax Increment Financing District No. 1-4 of the Issuer. This Bond is payable out of the General Obligation Tax Increment Bonds, Series 2014A Fund. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond 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 an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond 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 herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

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

Qualified Tax-Exempt Obligation. The Bonds have been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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 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 debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Taylors Falls, Chisago County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Clerk-Treasurer, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: BOND TRUST SERVICES CORPORATION

Payable at: BOND TRUST SERVICES CORPORATION

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

CITY OF TAYLORS FALLS, CHISAGO COUNTY, MINNESOTA

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

/s/ Facsimile
Mayor

BOND TRUST SERVICES CORPORATION
Roseville, Minnesota
Bond Registrar

/s/ Facsimile
Clerk-Treasurer

By: _____
Authorized Signature

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 the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UTMA - _____ as custodian for _____
(Cust) (Minor)
under the _____ Uniform Transfers to Minors Act
(State)

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

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the

within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

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

Name and Address: _____

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

PREPAYMENT SCHEDULE

This Bond has been prepaid in part on the date(s) and in the amount(s) as follows:

<u>DATE</u>	<u>AMOUNT</u>	<u>AUTHORIZED SIGNATURE OF HOLDER</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Clerk-Treasurer and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the 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 original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of October 15, 2014. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Clerk-Treasurer is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Clerk-Treasurer to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Funds and Accounts. There is hereby created a special fund to be designated the "General Obligation Tax Increment Bonds, Series 2014A Fund" (the "Fund") to be administered and maintained by the Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and any other general obligation tax increment bonds hereafter made payable from the Fund and issued for the Project, including any modifications or additions thereto, and the interest thereon have been fully paid. There shall be maintained in the Fund the following separate accounts to be designated the "Capital Account" and "Debt Service Account", respectively.

(a) Capital Account. To the Capital Account there shall be credited the proceeds of the sale of the Bonds, less capitalized interest received thereon and less any amount paid for the Bonds in excess of the minimum bid. The City shall transfer the funds in the Capital Account to Title Mark LLC, Waconia, Minnesota (the "Disbursing Agent") and the Disbursing Agent shall pay all costs and expenses of the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) Tax Increments in an amount sufficient together with other sums herein pledged, to pay the annual principal and interest payments on the Bonds; (ii) capitalized interest (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before August 1, 2015); (iii) any amount paid for the Bonds in excess of the minimum bid; (iv) all Shortfall Payments paid by the Developer pursuant to Section 4.3 of the Development Agreement; (v) any collections of all taxes hereafter levied for the payment of the Bonds and interest thereon; (vi) all

funds remaining in the Capital Account after completion of the Project and payment of the costs thereof; (vii) all investment earnings on funds held in the Debt Service Account; and (viii) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

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 (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Fund or in the Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) 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" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Original Net Tax Capacity; Tax Increments; Use of Tax Increments. The County Auditor of Chisago County has certified the original net tax capacity of property in the Tax Increment District. The County Auditor shall determine in each year if the then current net tax capacity of property in the Tax Increment District exceeds the original net tax capacity, and shall calculate, in the manner provided in Minnesota Statutes, Section 469.177, Subdivision 3, the captured net tax capacity (as defined therein) attributable to the Tax Increment District. The City hereby determines to retain one hundred percent of the captured tax capacity for purposes of tax increment financing. The County Auditor shall, in each such year, compute the local tax rate to be extended against the captured net tax capacity in the manner provided in Minnesota Statutes, Section 469.177, Subdivision 3, and the tax generated thereby shall constitute the Tax Increments for the year in which it is received. The County Auditor will remit to the City the Tax Increments so received. The City hereby appropriates the Tax Increments to the Debt Service Account, as provided herein, which appropriation shall continue until all of the Bonds and any additional bonds payable from the Debt Service Account, are paid or discharged.

17. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

18. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond 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 Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City 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 Bond 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 City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

19. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of eighteen months after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service, but not more than three years after the date of the Reimbursement Expenditure.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

20. Certificate of Registration. The Clerk-Treasurer is hereby directed to file a certified copy of this resolution with the County Auditor of Chisago County, Minnesota, together with such

other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register, and that the tax levy required by law has been made.

21. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described:

(a) to provide or provide or cause to be provided, to the Municipal Securities Rulemaking Board, by filing at www.emma.msrb.org, (i) at least annually, its audited financial statements for the most recent fiscal year, and (ii) notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of such event, in accordance with the Undertaking; and

(b) its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Clerk-Treasurer, or any other officer of the City authorized to act in their place are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Mayor and Clerk-Treasurer.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds 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 City as to the facts recited therein.

23. Negative Covenant as to Use of Proceeds. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Improvements, in such a manner as to cause the Bonds to be "private activity bonds" (other than qualified 501(c)(3) bonds) within the meaning of Sections 103 and 141 through 150 of the Code.

24. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Bonds, and (c) the rebate of excess investment earnings to the United States. The City expects to satisfy the twenty four month expenditure exemption for gross proceeds of the Bonds as provided in Section 1.148-7(d)(1) of the Regulations. If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Bonds, the Mayor, the Finance Director, or either of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

25. Tax Covenants. In order to ensure that the interest on the Bonds shall at all times be excluded from federal gross income, the City specifically represents, warrants and covenants with all holders of the Bonds, as follows:

(a) It will fulfill all conditions specified in Sections 103 and 141 through 150 of the Code and applicable Treasury Regulations as necessary to maintain the tax exempt status of the interest borne by the Bonds.

(b) All of the property financed or otherwise provided by the net proceeds of the Bonds will be owned by the Developer and used by the general public or organizations described in Section 501(c)(3) of the Code.

(c) Less than five percent of the net proceeds of the Bonds will be used to provide property used either (i) by an organization described in Section 501(c)(3) of the Code in an activity that constitutes an unrelated trade or business, or (ii) in a trade or business by a person other than an organization described in Section 501(c)(3) of the Code or a governmental unit (within the meaning of Section 141 of the Code).

(d) The Developer shall make no use of the Project, including but not limited to entering into any agreement for the management of the Project or any similar agreement, the effect of which would cause the Bonds not to constitute "qualified 501(c)(3) bonds," within the meaning of Section 145 and related Sections of the Code, and any service contract to be entered into with respect to the Project (unless entered into with an organization described in Section 501(c)(3) of the Code) shall constitute a "qualified management agreement" within the meaning of all pertinent provisions of law, including all relevant provisions of the Code and regulations, rulings and revenue procedures thereunder, including Revenue Procedure 97-13.

(e) Not more than two percent of the proceeds of the Bonds will be applied to the payment of costs of issuance of the Bonds and all costs of issuance in excess of that amount will be paid by the City from funds other than proceeds of the Bonds.

(f) The Developer has not leased, sold, assigned, granted or conveyed and will not lease, sell, assign, grant or convey all or any portion of the facilities financed by the Bonds or any interest therein to the United States or any agency or instrumentality thereof within the meaning of Section 149(b) of the Code.

(g) No portion of the proceeds of the Bonds will be used to provide any of the following facilities or facilities related or incidental thereto: any airplane, skybox or other private luxury box, facility used primarily for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(h) As of the date hereof, the Developer is the only "principal user" of the facilities financed by the Bonds and the City will not permit any person to become a "principal user" of those facilities if such action would cause the interest on the Bonds to become includable in federal gross income in the hands of the holders thereof.

(i) The average maturity of the Bonds does not exceed one hundred twenty percent of the average reasonably expected economic life of the facilities financed by the Bonds as determined in accordance with Section 147(b) of the Code.

(j) No obligations have been or will be issued which are described in Section 141, 142, 143, 144 or 145 of the Code and that are sold at substantially the same time as the Bonds, pursuant to a common plan of marketing or otherwise have any common or pooled security for the payment of debt service thereon with the Bonds.

(k) The Developer 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 and applicable Treasury Regulations.

(l) It reasonably expects that eighty-five percent of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the issue within three years of the date the Bonds are issued. Not more than fifty percent of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more.

(m) The Developer will comply with and fulfill all other requirements and conditions of the Code and Treasury Regulations and rulings issued pursuant thereto relating to the acquisition, construction and operation of the facilities financed by the Bonds to the end that interest on the Bonds shall at all times be excludable from federal gross income.

(n) It 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 and applicable Treasury Regulations; and to this end, the City shall pay to the United States, as a rebate, an amount equal to the sum of (i) the excess of (I) the aggregate amount earned on all nonpurpose obligations (other than investments attributable to an excess described in this clause), over (II) the amount which would have been earned if all nonpurpose obligations were invested at a rate equal to the yield on the Bonds plus (ii) any income attributable to the excess described in clause (i), at the times and in the amounts required by Section 148 of the Code, all within the meaning of Section 148 of the Code. The City shall maintain records of the interest rate borne by the Bonds and the investments of the Debt Service Account and earnings thereon in adequate detail to enable the City to calculate the amount of any rebate required to be made to the United States. The City shall pay the rebate to the United States at times and in installments which satisfy Section 148 of the Code and the regulations, at least once every five years and within sixty days after the day on which the last of the Bonds is redeemed. Calculations of the amount to be rebated shall be made at least every five years, by bond counsel or an independent accountant selected by the City. Such calculations shall be retained until six years after the retirement of the Bonds. The rebate shall be calculated as provided in the applicable Treasury Regulations, including taking into account the gain or loss on the disposition of nonpurpose investments.

26. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2014 will not exceed \$10,000,000; and

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2014 have been designated for purposes of Section 265(b)(3) of the Code.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

27. Governmental Bonds Post-Issuance Compliance Policies and Procedures. The City hereby approves the Governmental Bonds Post-Issuance Compliance Policies and Procedures in substantially the form presented to the City Council.

28. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Ehlers is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

29. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to KleinBank in Chaska, Minnesota, on the closing date for further distribution as directed by Ehlers.

30. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

31. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

Dated this 13th of October, 2014

Michael D. Buchite, Mayor

ATTEST:

Jo Everson, City Clerk-Treasurer

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CHISAGO
CITY OF TAYLORS FALLS**

**Senior Living Facility Revenue Note, Series 2014
(The Lodge of Taylors Falls LLC Project)**

[\$2,300,000]

FOR VALUE RECEIVED the City of Taylors Falls, Chisago County, Minnesota (the "City") hereby promises to pay Community Bank Corporation a Minnesota banking corporation, its successors or registered assigns (the "Lender"), from the source and in the manner hereinafter provided, the principal sum of **[TWO MILLION THREE HUNDRED THOUSAND] DOLLARS (\$[2,300,000])**, or so much thereof as has been advanced and remains unpaid from time to time (the "Principal Balance"), with interest thereon at the initial rate of ___% per annum (the "Initial Rate"), subject to adjustment as set forth below, from the date hereof until paid or otherwise discharged as set forth 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.

1. Principal and interest on this Note shall be due and payable in monthly installments on the ___ day of each month, commencing _____, 2014 and continuing thereafter until _____, 20__ (the "Final Maturity Date"), in such amounts as are required to fully amortize the Principal Balance, together with accrued interest thereon at the interest rate then in effect, over the remaining term of the Note at which time any remaining Principal Balance and accrued interest thereon shall be paid in full. Payments shall be applied first to amount which are neither principal nor interest, next to interest due on the Principal Balance and thereafter to reduction of the Principal Balance.

2. Interest shall be calculated on the basis of the actual days elapsed in a 360-day year and will be reset on _____, 20__, _____, 20__, _____, 20__ and _____, 20__ (each a "Reset Date"). On the Reset Date the interest rate on the Note shall be reset and the Note will bear interest from the Reset Date until paid in full at an interest rate equal to the five-year U.S. Constant Maturity Treasury Index as most recently published by the Federal Reserve in its Federal Reserve Statistical Release H.15 (519) or its successor (the "CMT Index") as of the 15th day prior to the Reset Date, plus ___ basis points (____%); provided, however, that at no time shall the interest rate on the Note be less than ___% or more than ____%. If the 15th day prior to the Reset Date is not a business day, then the next occurring business day shall be utilized. The Lender will notify the Borrower of the new interest rate no later than 10 days prior to the Reset Date.

3. 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 (as defined in the Loan Agreement described below) or service charge, at maturity, upon redemption, or otherwise.

4. Principal and interest and premium, 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.

5. This Note is a duly authorized special, limited obligation in the maximum principal amount of \$[2,300,000], which has been authorized by law and has been issued by the City to provide funds for a project, as defined in Minnesota Statutes, Section 462C, as amended (the "Act"), consisting of the acquisition, construction and equipping of an approximately 18,400 square foot 24-unit senior housing facility with services, to be located at 1051 Mulberry Street, Taylors, Falls, Minnesota (the "Project") to be owned by The Lodge of Taylors Falls, LLC, a Minnesota limited liability company (the "Borrower"), whose sole member is Community Asset Foundation, a Minnesota nonprofit corporation, and managed by The Evangelical Lutheran Good Samaritan Society, a 501 (c)(3) organization, pursuant to a Loan Agreement and this Note is further issued pursuant to and in full compliance with the Act, the Constitution and laws of the State of Minnesota, and pursuant to a resolution of the City Council duly adopted on September 22, 2014 (the "Resolution").

6. This Note is secured by a Pledge Agreement of even date herewith between the City and the Lender (the "Pledge Agreement") and is further secured by a Mortgage, Assignment of Rents, Security Agreement and Fixture Financing Statement of even date herewith executed by the Borrower, as mortgagor, in favor of the Lender, as mortgagee (the "Mortgage") and certain other assignments, security agreements, guaranties, financing statements, and other instruments evidencing or securing the Loan as may be required by the Lender.

7. The City, 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 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 to 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 thirty (30) years from the date hereof.

8. Provided the Lender is given at least thirty (30) but not more than sixty (60) days prior written notice by the Borrower prior to such prepayment this Note is subject to optional prepayment at the direction of the Borrower, on _____, 20__, and any Interest Payment Date thereafter, in whole or in part, and if in part in minimum principal amounts of \$100,000 and increments of \$5,000 in excess thereof at a redemption price equal to the par amount plus accrued interest to the redemption date plus a premium in the amounts set forth below:

<u>Redemption Date</u>	<u>Premium</u>
_____, 20__ to _____, 20__	1%
_____, 20__ to _____, 20__	½%
_____, 20__ and thereafter	0%

9. [This Note is subject to extraordinary prepayment, without premium, in whole or in part on any date in certain events of damage to or destruction or condemnation of the Project, from the proceeds of released project equipment or Land, or in whole but not in part upon a change of law, as provided in the Loan Agreement.]

10. This Note is subject to optional prepayment in whole on any business day, in the event of a Determination of Taxability as set forth in Section 4.4(2) of the Loan Agreement.

11. If any payment of principal or interest (including any payment due on the Final Maturity Date) is not paid within ____ () days of the due date thereof, the City shall pay to the Lender a late charge equal to five percent (5%) of the amount of such payment. This provision shall not be deemed to excuse a late payment or to be a waiver of any other rights the Lender may have, including the right to declare the entire unpaid principal balance and accrued interest immediately due and payable.

12. At the Lender's option upon the occurrence of an Event of Default and written notice to the Borrower that the Lender has elected to increase the interest rate, the interest rate shall increase and shall be payable on the whole of the unpaid principal balance at a rate equal to two percent per annum in excess of the interest rate otherwise applicable under this Note (hereinafter referred to as the "Default Rate"), which Default Rate shall be effective as of the date of the occurrence of such Event of Default. The increase in the interest rate upon the occurrence of an Event of Default shall be applicable whether or not the Lender has exercised its option to accelerate the maturity of this Note and declared the entire unpaid principal indebtedness to be due and payable. The Default Rate shall continue until such Event of Default is cured, payment in full of all indebtedness evidenced by this Note, or completion of all foreclosure proceedings and redemption periods, whichever shall occur first. This provision shall not be deemed to excuse a default event or to be a waiver of any other rights the Lender may have, including the right to declare the entire unpaid principal balance and accrued interest immediately due and payable.

13. As provided in the Resolution and subject to certain limitations set forth therein, this Note is only transferable upon the books of the City at the office of the City Clerk-Treasurer, 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 City Clerk-Treasurer, duly executed by the Lender or its duly authorized agent. Upon such transfer the City Clerk-Treasurer will note the date of registration and the name and address of the new registered owner in the registration blank appearing below. The City may deem and treat the person in whose name the Note is last registered upon the books of the City 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 his 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 City shall not be affected by any notice to the contrary.

14. This Note has been designated by the City as a "qualified tax exempt obligation" as described in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

15. THIS NOTE HAS BEEN ISSUED WITHOUT REGISTRATION UNDER STATE OR FEDERAL OR OTHER SECURITIES LAWS, PURSUANT TO AN EXEMPTION FOR SUCH ISSUANCE; AND ACCORDINGLY THE NOTE MAY NOT BE ASSIGNED OR TRANSFERRED IN WHOLE OR PART, NOR MAY A PARTICIPATION INTEREST IN THE NOTE BE GIVEN PURSUANT TO ANY PARTICIPATION AGREEMENT, EXCEPT TO ANOTHER "ACCREDITED INVESTOR" OR "FINANCIAL INSTITUTION" IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AND WITH FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL FACTS TO THE PROSPECTIVE PURCHASER(S) OR TRANSFEREE(S).

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.

[Signature pages to follow]

IN WITNESS WHEREOF, the City has caused this Note to be duly executed in its name by the manual signatures of the Mayor and City Clerk-Treasurer, the City's seal having been intentionally omitted as permitted by law, and has caused this Note to be dated as of _____, 2014.

CITY OF TAYLORS FALLS, MINNESOTA

Mayor

Clerk-Treasurer

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 City of Taylors Falls in the name of the holder last noted below.

<u>Date of Registration</u>	<u>Name and Address Registered Owner</u>	<u>Signature of Clerk-Treasurer</u>
_____, 2014	Community Bank Corporation 455 Pond Promenade <u>Chanhassen, Minnesota</u> <u>55317</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____