



Corporate Trust Services  
60 Livingston Avenue  
St. Paul, Minnesota 55107

**NOTICE OF BONDHOLDER CONFERENCE CALL**

**ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF VADNAIS HEIGHTS  
\$11,655,000 RECOVERY ZONE FACILITY LEASE REVENUE BONDS  
(COMMUNITY AND RECREATIONAL SPORTS FACILITIES PROJECT)  
SERIES 2010A**

\*CUSIP NOS.: 91873HAQ8, 91873HAR6, 91873HAA3

**\$11,305,000 LEASE REVENUE BONDS  
SERIES 2010B**

\*CUSIP NOS.: 91873HAB1, 91873HAC9, 91873HAD7, 91873HAE5, 91873HAF2, 91873HAG0,  
91873HAH8, 91873HAJ4, 91873HAK1, 91873HAL9, 91873HAM7, 91873HAN5

**\$1,840,000 TAXABLE LEASE REVENUE BONDS  
SERIES 2010C**

\*CUSIP NO.: 91873HAP0

**\$2,000,000 TAXABLE SUBORDINATE LEASE REVENUE NOTES  
SERIES 2010D-1 AND 2010D-2**

**Please forward this notice to beneficial holders.**

U.S. Bank National Association serves as trustee ("Trustee") for holders of the above-referenced obligations (collectively, the "Bonds") under that certain Indenture of Trust dated as of April 1, 2010 ("Indenture"), between the Trustee and the Economic Development Authority of the City of Vadnais Heights ("Issuer"). The Issuer loaned the proceeds of the Bonds to CFP Vadnais Heights, LLC ("Company") under a Loan Agreement dated as of April 1, 2010. The Company used the proceeds to (a) acquire approximately 10.25 acres of land in the City of Vadnais Heights, Minnesota ("City"), and (b) construct and equip an approximately 100,000 square foot domed multi-sport facility and an approximately 83,500 square foot two-rink indoor ice arena ("Project"). The City formerly leased the Project from the Company under a Master Lease Agreement dated as of April 1, 2010, pursuant to which it paid as rent for the Project, among other costs and expenses, amounts necessary to pay principal of and interest on the Bonds. The Project is now operated, managed, and maintained by Rink Management Services Corporation ("Rink Management"). All capitalized terms not otherwise defined in this notice have the meanings given to them in the Indenture.

**Defaults and Events of Default; Payments into Bond Fund**

As previously advised, the Trustee paid interest due February 1 and August 1, 2013, on the Series 2010A, Series 2010B and Series 2010C Bonds (collectively, the "Parity Bonds") with funds on deposit in the Bond Fund. Such funds were paid to the Trustee by the City under its Master Lease. Following expiration of the Master Lease, the Project did not generate sufficient Gross Revenues to pay principal due February 1, 2013, on the Parity Bonds or interest due February 1 and August 1, 2013, on the Series 2010D Notes. Under Section 6.01 of the Indenture, any nonpayment of principal on the Parity Bonds constitutes an Event of Default. Accordingly, an Event of Default has occurred and is continuing under the Indenture.

Under the terms of the Indenture, the Company is obligated to make monthly payments into the Bond Fund that are used to make the annual principal and semi-annual interest payments on the Bonds. The Company's required monthly payments for 2013 are set forth in the table below. Because the Project has failed to generate sufficient Gross Revenues during 2013 to make the required monthly payments, certain required principal and interest payments are past-due and unpaid, and there is a shortfall in the Bond Fund, in each case as set forth in the table below. Given the Project's financial performance, there can be no certainty regarding the timing and amount of any future payments of debt service beyond August 1, 2013.

<b><u>Approximate Required Monthly Payments</u></b> (1/12 of Principal and 1/6 of Interest due February 1, 2014)	
Principal:	\$39,167
Interest:	\$105,485
<b>Total:</b>	<b>\$144,652</b>
<b><u>Past-Due Principal and Interest Payments</u></b>	
Principal (Due February 1, 2013):	\$455,000
Interest (Series 2010-D Notes, Due through August 1, 2013):	\$266,503
<b>Total:</b>	<b>\$721,503</b>
<b><u>Shortfall in Bond Fund</u></b>	
Current Balance in Bond Fund:	\$205,947
Amount Required and Unpaid:	
• Monthly Principal Payments from February through October 2013	• \$352,503
• Monthly Interest Payments from August through October 2013	• \$316,455
• Past-Due Principal and Interest Payments	• \$721,503
	<hr/> Total: \$1,390,461
<b>Shortfall:</b>	<b>\$1,184,514</b>

In addition, the Company has failed to provide to the Trustee certain deliverables under the Loan Agreement, including (i) annual financial information for the fiscal year ending December 31, 2012, (ii) an annual compliance certificate for the fiscal year ending December 31, 2012, (iii) quarterly financial statements for the quarters ending March 31 and June 30, 2013, and (iv) an annual operating budget. Such Defaults have not been remedied by the Company and, therefore, constitute Events of Default under Section 6.01 of the Indenture. The Trustee has asked the Company and Rink Management to provide, among other information, current financial statements, a budget for 2014, and financial projections, which the Trustee will provide to bondholders when it is made available to the Trustee.

### **Strategic Alternatives Process**

As bondholders were informed in prior notices, given the Project's financial issues, the Trustee and the Company retained Marcus & Millichap Real Estate Investment Brokerage Company ("Broker") to market and sell the Project. On August 13, 2013, the Trustee held a bondholder teleconference to present information to bondholders regarding the Project's financial performance, the proposed sales process, preliminary expressions of interest from third parties, and other strategic alternatives for the Project.

Since the date of the teleconference, the Broker has been working with prospective purchasers to obtain each purchaser's final and best offer for consideration by the bondholders, Trustee, and the Company. On September 18, 2013, the Broker received final, written offers from those prospective purchasers who had previously submitted the highest and best offers to purchase the Project. Those offers are summarized on Attachment A. As set forth below, the Trustee has scheduled a bondholder conference call to discuss the attached offers. No decision will be made regarding sale of the Project until after those discussions. Any proposed sale of the Project would also be subject to the Trustee's receipt of a court

**order approving the sale. Bondholders would have an opportunity to participate in any such court proceedings.**

**Bondholder Teleconference Scheduled for October 23, 2013**

The Trustee has scheduled a conference call for bondholders on October 23, 2013, at 2:00 p.m. (Central Time). The purpose of the meeting is (i) to provide an update on the Project's operations and performance, (ii) to discuss the purchase offers summarized and attached to this notice, and (iii) to discuss other strategic alternatives for the Project. The Trustee has asked Rink Management, the Company, and the Broker to participate on the call.

All bondholders who would like to participate on the conference call, and who have not previously completed a Bondholder Verification Form, must complete and return a Bondholder Verification Form, a copy of which is attached to this notice. Bondholders who have previously completed a Bondholder Verification Form do not need to provide a new form unless the information previously provided has changed. The Trustee will distribute call-in information to bondholders who have completed a Bondholder Verification Form before the scheduled conference call.

**Bondholders are invited to submit questions in advance of the conference call for consideration by the Trustee, Broker, the Company, and the prospective purchasers by contacting Patricia Kapsch, whose email address is provided below. The Trustee believes this process will make it easier for bondholders to have questions answered. Bondholders will also be able to ask questions during the conference call. Bondholder feedback is valuable to the Trustee and all questions will be reviewed and considered.**

**Future Communications; Additional Matters**

The Trustee will continue to notify bondholders regarding the matters set forth in this notice as they develop. Bondholders with questions about this notice should direct them, in writing, to: Patricia Kapsch, 60 Livingston Avenue, St. Paul, MN 55107-2292, or by e-mail to [Patricia.Kapsch@usbank.com](mailto:Patricia.Kapsch@usbank.com). Bondholders with other questions may contact the Trustee at (800) 934-6802, option #4; or at its web site, located at [www.usbank.com/corp\\_trust/bondholder\\_contact.html](http://www.usbank.com/corp_trust/bondholder_contact.html). The Trustee may conclude that a specific response to particular inquiries from individual bondholders is not consistent with equal and full dissemination of information to all bondholders. Bondholders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment advice.

Prior to any distribution to holders, funds held under the Indenture are to be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions to protect the security or other interests of holders.

**U.S. BANK NATIONAL ASSOCIATION,  
As Trustee**

**SEPTEMBER 30, 2013**

\* Trustee is not responsible for selection or use of CUSIP. It is included solely for holder convenience.

## Attachment A

### Summary of Offers Received

Sale of Vadnais Sports Center  
Close of Round Two: Sept 18, 2013  
*Marcus & Millichap REIS, Milwaukee Office*

Potential Buyer:	Offer Price	All Cash Offer?	Committed Financing or Cash?	Conversion Component?	Earnest Money	Earnest Nonrefundable	Due Diligence (DD) Period	Close Date
Ramsey County	\$ 10,552,200	Yes	Cash	No	\$250,000 (a) Upon LOI	End of DD	45 Days w/ One 15-Extension	Month after Buyer obtains all gov't approvals necessary to close; subject to bondholder review and court approval.
Gem Lake Lodge, an affiliate of White Bear Lake Hockey Association	\$ 10,650,000	Yes	No	Yes, however Gem Lake has not provided specific economic terms of conversion offer in writing.	\$250,000 (a) Or letter of credit Upon LOI	End of DD	45 Days	Month after Buyer obtains all gov't approvals necessary to close; subject to bondholder review and court approval.
Northern Educate VSC LLC	\$ 13,000,000	Yes	No	Option (A): \$13MM cash + debt-to-equity conversion for balance of offer.  Option (B): 100% bond-to-equity conversion.	\$250,000 (b) Upon LOI	End of DD	45 Days	30 Days after end of DD period; subject to bondholder review and court approval.

Notes:

- (1) Marketing began July 3, 2013 on VSC
  - (2) Total written offers made: 7: Broken down as follows: 3 offers at \$8MM; 1 offer at \$8.125MM; Remaining offers noted, above.
  - (3) 23 buyers in total expressed interest in VSC in one form or another.
- (a) Earnest money to be placed with a Title Co. or third-party escrow agent mutually acceptable to buyer and seller.
- (b) Earnest money to be placed with Trustee.

## BONDHOLDER VERIFICATION FORM

### RETURN BY FACSIMILE OR E-MAIL:

To: Becky Butler  
U.S. Bank National Association  
Corporate Trust Services  
60 Livingston Avenue  
St. Paul, MN 55107-2292  
**Facsimile: (651) 466-7401**  
**E-Mail: becky.butler@usbank.com**

Re: Economic Development Authority of the City of Vadnais Heights, Minnesota

\$11,655,000 Recovery Zone Facility Lease Revenue Bonds  
(Community and Recreational Sports Facilities Project), Series 2010A  
(\*CUSIP Nos. 91873HAQ8, 91873HAR6, 91873HAA3)

\$11,305,000 Lease Revenue Bonds, Series 2010B  
(\*CUSIP Nos.: 91873HAB1, 91873HAC9, 91873HAD7, 91873HAE5, 91873HAF2, 91873HAG0,  
91873HAH8, 91873HAJ4, 91873HAK1, 91873HAL9, 91873HAM7, 91873HAN5)

\$1,840,000 Taxable Lease Revenue Bonds, Series 2010C  
(\*CUSIP No.: 91873HAP0)

\$2,000,000 Taxable Subordinate Lease Revenue Notes, Series 2010D-1 & 2010D-2

The undersigned hereby certifies that the undersigned is a holder, beneficial holder, or a representative of a beneficial holder of the above-referenced Bonds and represents the following information to be true and correct.

**Please complete and return no later than 5:00 P.M. CDT on Oct. 22, 2013. (Please print or type information)**

SECURITIES OWNED: CUSIP Nos. \_\_\_\_\_

1. Principal Amount of Bonds Owned: \_\_\_\_\_

2. DTC Participant: \_\_\_\_\_; Participant Number: \_\_\_\_\_

3. Name of Beneficial Holder: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_

E-Mail Address: (if available): \_\_\_\_\_

4. Name of Representative (if different): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
(Printed Name of Individual Authorized to Sign)