



Legislation Details (With Text)

File #: RES 18-2021 **Version:** 1

Type: Resolution **Status:** Passed

In control: City Council

Final action: 12/12/2018

Title: Providing for the issuance of and accepting a proposal on the sale of a General Obligation Variable Rate Street Reconstruction Bond, Series 2018E and taking other required actions with respect thereto.

Sponsors: Amy Brendmoen

Indexes: Bond Sale

Code sections:

Attachments: 1. Exhibit A - StP 2018E GO Street Reconstruction Bond Resolution(13554396), 2. Exhibit B - StP 2018E GO Street Reconstruction Bond Resolution(13554396)

| Date | Ver. | Action By | Action | Result |
|------------|------|----------------|---------|--------|
| 12/17/2018 | 1 | Mayor's Office | Signed | |
| 12/12/2018 | 1 | City Council | Adopted | Pass |

Providing for the issuance of and accepting a proposal on the sale of a General Obligation Variable Rate Street Reconstruction Bond, Series 2018E and taking other required actions with respect thereto.

WHEREAS, the Director, Office of Financial Services, has presented to the City Council (the "Council") of the City of Saint Paul, Minnesota (the "City"), a proposal received for the sale of General Obligation Variable Rate Street Reconstruction Bonds, Series 2018E (the "Bond"), of the City in a direct loan placement with PNC Bank, National Association (the "Purchaser"); and

WHEREAS, on October 17, 2018 the City's Office of Financial Services published a Request for Quotes (the "RFQ") for the Bond and the program to finance construction of a portion of the City's annual street reconstruction program; and

WHEREAS, the RFQ was sent to multiple financial institutions and the City's Office of Financial Services received six responses and, with the advice of the City's municipal advisor (Springsted Incorporated) selected the Purchaser as the financial institution to work with for the financing relating to the Bond; and

WHEREAS, the City will issue the Bond pursuant to the Charter of the City (the "City Charter") and Minnesota Statutes, Section 475.58, Subd 3b, as amended (the "Street Reconstruction Act"), and Minnesota Statutes 475, as amended (the "Municipal Debt Act" and, collectively with the Street Reconstruction Act, the "Act"); and

WHEREAS, the Street Reconstruction Act requires that prior to issuance of bonds the following requirements are met: (i) a public hearing is held by the Council with the notice required by the Street Reconstruction Act with respect to the issuance of the Bond and a five year street reconstruction plan (the "SRP") for the City; (ii) approval of the SRP and the Bond by a 2/3 vote of the Council after the public hearing; and (iii) the City Clerk of the City does not receive within 30 days of the public hearing a petition requesting a vote on the issuance of the Bond signed by voters equal to five percent (5%) of the votes cast in the City in the last municipal general election; and

WHEREAS, the Council held a public hearing with respect to the SRP and the proposed issuance of the Bond

on April 18, 2018; and

WHEREAS, the Council, by adopting RES PH 18-108 on April 18, 2018 after the public hearing, adopted the SRP and gave its preliminary approval to the issuance of the Bond which preliminary approval is in addition to the reimbursement intent with respect to the Bond indicated in RES 18-342 adopted by the Council on February 28, 2018; and

WHEREAS, the City Clerk did not receive a petition within 30 days of the public hearing that requested an election on the question of the issuance of the Bond; and

WHEREAS, the Purchaser and the City are now in the process of negotiating the provisions of a Continuing Covenant Agreement, to be dated on or after December 1, 2018 (as amended, supplemented, modified or restated from time to time, the "CCA"), between the City and the Purchaser, which will set forth the terms and conditions of a loan provided by the Purchaser to the City that is evidenced by the Bond; and

WHEREAS, the proceeds derived from the sale of the Bond will be used by the City to (i) fund certain street improvement and rehabilitation projects for 2018 as described in the SRP (the "2018 Street Projects"); and (ii) pay costs of issuance relating to the issuance of the Bond; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Saint Paul, Minnesota, as follows:

Section 1. Requirements of the Street Reconstruction Act and Municipal Debt Act. The City has complied with the provisions of the Street Reconstruction Act, the Municipal Debt Act, and the City Charter regarding the issuance of the Bond.

The City held a public hearing with respect to the construction of the 2018 Street Projects and the issuance of bonds under the Municipal Debt Act on April 18, 2018 (the "Public Hearing") after proper notice was given for such Public Hearing as required by the Street Reconstruction Act with a notice published in the official paper of the City, the Legal Ledger, on April 4, 2018. Pursuant to the Street Reconstruction Act, the City must hold a special election prior to the issuance of bonds under the Street Reconstruction Act and seek the approval of the voters of the City if a petition requesting a vote on the issuance is signed by voters equal to five percent (5%) of the votes cast in the last general election and such petition is filed with the City Clerk within thirty (30) days from the date of the Public Hearing (April 18, 2018). The City Clerk did not receive a petition within thirty (30) days of the Public Hearing and, therefore, the City is not required to hold a special election on the issuance and sale of the Bond used to finance the 2018 Street Projects.

On April 18, 2018, as required by the Street Reconstruction Act, after the Public Hearing, the City adopted the SRP.

Section 2. Form of Bond. All of the provisions of the Bond, when executed as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bond shall be substantially in the form attached to this Resolution as EXHIBIT A, which form is hereby approved, with such necessary and appropriate variations, omissions and insertions (including changes to the aggregate principal amount of the Bond, the stated maturity of the Bond, the interest rate on the Bond, the terms of redemption of the Bond, and variation from City policies regarding methods of offering general obligation bonds) as the City Treasurer and Director, Office of Financial Services, or their respective deputies, in their discretion, shall determine. The execution of the Bond with the manual signatures of the Mayor, City Clerk and Director, Office of Financial Services, or their proper designee, and the delivery of the Bond by the City shall be conclusive evidence of such determination.

The City Treasurer is authorized and directed to obtain a copy of the proposed approving legal opinion of Barnes & Thornburg LLP, which shall be complete except as to dating thereof and cause the opinion to

accompany the Bond.

Section 3. Execution. The Bond shall be executed on behalf of the City by the signatures of its Mayor, City Clerk and Director, Office of Financial Services, or their proper designees, each with the effect noted on the form of the Bond, provided, that any such signatures may be printed or manual and the corporate seal may be omitted on the Bond as permitted by law. In the event of disability or resignation or other absence of any such officer, the Bond may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case any such officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

Section 4. Authentication; Date of Registration. No Bonds 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 Bonds, substantially in the form set forth in EXHIBIT A, shall have been duly executed by an authorized representative of the City. The Registrar shall authenticate the signatures of officers of the City on the 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. For purposes of delivering the original Bonds to the Purchaser, the Registrar shall insert as the date of registration as of the date of original issue.

The City Treasurer is hereby appointed as the initial bond registrar and paying agent (the "Registrar" and the "Paying Agent") for the Bond. The City Treasurer shall serve as Registrar unless and until a successor Registrar is duly appointed. A successor Registrar shall be an officer of the City or a bank or trust company eligible for designation as Registrar pursuant to the Municipal Debt Act acceptable to the Purchaser (or its successors) and may be appointed pursuant to any contract the City and such successor Registrar shall execute which is consistent herewith. The Registrar shall also serve as Paying Agent unless and until a successor Paying Agent is duly appointed. The principal of and interest on the Bond shall be paid to the registered holder or holders of the Bond (the "Holder" or "Holders") in the manner set forth in the form of the Bond. The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

- (a) Register. The Registrar shall keep a bond register in which the Registrar provides for the registration of ownership of the Bond and the registration of transfers and exchanges of the Bond entitled to be registered, transferred, or exchanged.
- (b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.
- (c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.
- (d) Cancellation. Bonds surrendered upon transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.
- (e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its reasonable

judgment, deems improper or unauthorized.

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

(g) **Taxes, Fees, and Charges.** The Registrar may impose a reasonable charge upon the owner thereof for a transfer or exchange of Bond sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

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

Section 5. Rights Upon Transfer or Exchange. The Bond delivered upon transfer of or in exchange for or in lieu of any other Bonds shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds. The Bond may be transferred in accordance with the terms of this Resolution and the CCA.

Section 6. Registration and Payment. The Bond will be issued in certificate of definitive form only in fully registered form and shall be registered in the name of the Purchaser. The interest thereon and, upon surrender of the Bond, the principal amount thereof, is payable by check, draft or wire transfer or ACH debit as authorized herein and in the CCA. The Bond shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless: (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication; or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The Bond shall bear interest at a variable rate as described in the Bond.

Section 7. Continuing Covenant Agreement and Bonds Terms.

(a) **CCA and Documents Approval.** The Mayor and the Director, Office of Financial Services are hereby authorized to negotiate the provisions of the CCA in accordance with the terms of this Resolution. The authorization to enter into the CCA is effective without any additional action by the City Council and shall be undertaken by the Mayor, City Clerk, and Director of Financial Services, or their proper designees and as approved to form by the City Attorney's Office.

(b) **Maximum Principal Amount of the Bond.** The maximum amount of the Bond shall not exceed \$14,600,000. The Bond shall be issued in Authorized Denominations (as defined in the Bond).

(c) **Variable Rate of Interest.** Section 475.56 of the Municipal Debt Act authorizes the City to issue the Bond as variable rate bonds. The Bond shall bear interest at a variable rate per annum as set forth below and in the form of the Bond.

- (d) Drawdown Bond. The Bond shall be issued as a drawdown bond and the City may draw the principal of the Bond from the Purchaser upon the terms set forth in the CCA.
- (e) Investor Letter. The Purchaser will execute and deliver an investor letter in a form acceptable to both the City and the Purchaser.
- (f) Mandatory Tender. The Bond shall be subject to mandatory tender as set forth in the CCA and the Bond.
- (g) Amendments to CCA. The authority to approve, execute, and deliver future amendments to the CCA entered into by the City in connection with the issuance of the Bond and the other transactions herein contemplated, is hereby delegated to the Director, Office of Financial Services, subject to the following conditions: (i) such amendments do not materially adversely affect the interests of the City as the issuer of the Bond; (ii) such amendments do not contravene or violate any policy of the City; and (iii) such amendments are acceptable in form and substance to the City Attorney and Bond Counsel. The execution of any amendment to the CCA by the Director, Office of Financial Services shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.
- (h) Redemption. (i) Optional Redemption. The City may elect to prepay and redeem the outstanding Bonds; provided, however such redemptions may be subject to additional costs as described in the CCA if not made on the first Business Day (as defined in the CCA) of a month. Optional redemptions of the Bond may be in whole or in part at the option of the City and in accordance with the terms of the CCA, and such optional redemption may be made in amounts of less than an Authorized Denomination provided that such optional redemptions shall not cause the outstanding principal amount of the Bond to be less than \$250,000.
(ii) Scheduled Mandatory Redemption. The Bond is subject to scheduled mandatory sinking fund redemption as set forth below.
(A) The Bond. The Bond is subject to redemption and prepayment at a price of par plus accrued interest, without premium, on the dates and in the amounts set forth below.

| Sinking Fund Payment Date (November 1) |
|--|
| |
| 2019 |
| 2020 |
| 2021 |
| 2022 |
| 2023 |
| 2024 |
| 2025 |
| 2026 |
| 2027 |
| 2028 |
| 2029 |
| 2030 |
| 2031 |

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| 2032 |
| 2033 |
| 2034 |
| 2035 |
| 2036 |
| 2037 |
| 2038 |

(B) Unremarketed Bonds. Unremarketed Bonds are subject to special mandatory redemption by the City, at a redemption price equal to 100% of the principal amount of the Bond to be redeemed plus accrued interest thereon to but not including the date of such redemption in the manner set forth in the CCA.

(iii) Due Date. The Bond or portions thereof called for redemption shall be due and payable on a redemption date, and interest thereon shall cease to accrue from and after the redemption date.

(iv) Notice. Mailed notice of redemption shall be given to the paying agent (if other than a City officer) and to the Purchaser at the address as set forth in the CCA. If and when the City shall call any portion of the Bond for redemption and payment prior to the stated maturity thereof, the Bond Registrar shall give written notice in the name of the City of its intention to redeem and pay a portion of the Bond at the office of the Bond Registrar. Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than fifteen (15) days prior to the redemption date, to the Purchaser. All notices of redemption shall state:

(A) the redemption date;

(B) the redemption price;

(C) if less than all outstanding principal amount of the Bond is to be redeemed, the identification of the portion of the Bond to be redeemed;

(D) that on the redemption date, the redemption price will become due and payable upon such amount of the Bond to be redeemed, and that interest thereon shall cease to accrue from and after said date;

(E) so long as the Purchaser is the sole owner of 100% of the Bond, the Purchaser shall not be required to surrender the Bond to the Paying Agent, except for redemption of all outstanding Bonds; and

(F) include a statement that the redemption so noticed is conditioned on sufficient funds being held by the City on or before noon on the applicable redemption date to pay the full redemption price, and if at such time the amount so held is not sufficient to pay all amounts required to effect the noticed redemption in full, the redemption shall be cancelled, with the Bond tendered for such redemption being returned to the holders thereof and no liability on the part of the City shall arise as a result of such cancellation.

Section 8. Funds. There is hereby created a special fund to be designated the "2018 Capital Projects Fund" (numbered C18, the "Capital Fund"), to be administered and maintained by the City Treasurer as a bookkeeping account separate and apart from all other accounts maintained in the official financial records of the City. There is hereby created and established the "General Obligation Street Reconstruction Bond -- Debt Service Fund" (the "Debt Service Fund"). In the Debt Service Fund there shall be established a 2018 Debt Service Account (the "2018 Debt Service Account") and a subaccount therein relating to the Bond (the "Series 2018E Debt Service Subaccount"). The Capital Fund, the Debt Service Fund, the 2018 Debt Service Account, the Series 2018E Debt Service Subaccount, and any other accounts or subaccounts established by the City Treasurer shall be maintained in the manner herein specified until the Bond and the interest thereon has been

fully paid:

(a) Capital Fund. To the Capital Fund there shall be credited the proceeds of the sale and/or draws from the Bond and funds transferred there by the Director, Office of Financial Services from certain prior year street improvement projects that have been completed and there is an unexpended balance available in such project accounts available to be applied to the 2018 Street Projects. From the Capital Fund there shall be paid all costs and expenses of making the 2018 Street Projects listed in the SRP and the cost of issuance of the Bond, after they have been ordered in accordance with the City Charter, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Section 475.65 of the Municipal Debt Act (including interest on the Bond payable during the construction period); and the money in the Capital Fund shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bond may also be used to the extent necessary to pay interest on the Bond due prior to the anticipated date of commencement of the collection of the Tax (as defined in Section 9 below); and provided further that if upon completion of the 2018 Street Projects there shall remain any unexpended balance in the Capital Fund, the balance may be transferred by the Council to the fund of any other street reconstruction project contained in the SRP, the costs of any other purpose permitted by law, or transferred to the Debt Service Fund. All earnings on the Capital Fund shall be transferred to the Debt Service Fund, or may be retained in the Capital Fund, as determined by the Director, Office of Financial Services. The Director, Office of Financial Services is authorized to pay the cost of issuance of the Bond from the Capital Fund.

(b) 2018 Debt Service Account. There is hereby pledged and there shall be credited to the Series 2018E Debt Service Subaccount of the 2018 Debt Service Account: (a) all accrued interest, if any, received upon delivery of the Bond, (b) any collections of the Tax, (c) all funds remaining in the Capital Fund after completion of the 2018 Street Projects, that the Director, Office of Financial Services determines should be transferred to the 2018 Debt Service Account, and payment of the costs thereof, not so transferred to the account of another improvement or used to pay the costs of any other purpose permitted by law, and (d) all investment earnings on money held in such special account in the Debt Service Fund or (at the City's option) on money held in the Capital Fund; and if money in the special account of the Debt Service Fund should ever be insufficient to pay debt service on the Bond, the Bond shall be paid from the 2018 Debt Service Account or any other special account therein, and the Bond is hereby made payable from the 2018 Debt Service Account and any other special accounts therein for this purpose. The City may also deposit into the 2018 Debt Service Account, but is not required to do so collections of special assessments levied with respect to the 2018 Street Projects. If money in the 2018 Debt Service Account should ever be insufficient to pay debt service on the Bond, the Bond shall be paid from the 2018 Debt Service Account or any other special account therein, and the Bond is hereby made payable from the 2018 Debt Service Account and any other special accounts therein for this purpose. Amounts drawn from the 2018 Debt Service Account or any special account therein may be repaid with or without interest when money sufficient for such repayment are deposited in the special account relating to the Bond in the 2018 Debt Service Account.

The Series 2018E Debt Service Subaccount of the 2018 Debt Service Account shall be used solely to pay the principal of and interest on the Bond and any other general obligation bonds of the City heretofore or hereafter issued by the City and made payable from such special accounts in the 2018 Debt Service Account as provided by law, or to pay any rebate due to the United States. No portion of the proceeds of the Bond 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 Bond was issued, and (2) in addition to the above in an amount not greater than five percent (5%) of the proceeds of the Bond. To this effect, any sums from time to time held in the Capital Fund or in such special account in the 2018 Debt Service Account (or any other City fund or account which will be used to pay principal or interest to become due on the Bond payable therefrom) in excess of amounts which under then-applicable federal arbitrage regulations may be invested without regard as 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. In addition, the proceeds of the Bond

and money in the Capital Fund or in such special account in the 2018 Debt Service Account 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 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the “Code”).

(c) Other Accounts and Subaccounts. The City Treasurer is hereby authorized to create such accounts or subaccounts within the Capital Fund and the Debt Service Fund (and accounts and subaccounts therein) to properly administer such funds and accounts and to assure compliance with the preceding paragraphs, and paragraph (e) below. Specifically, the City Treasurer may create separate accounts and subaccounts to hold and apply the proceeds of the Bond and revenues for the payment thereof.

(d) Arbitrage Restrictions. The money in the funds shall be used solely as provided herein, or to pay any rebate due to the United States. No portion of the proceeds of the Bond 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 (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bond is issued, and (ii) in addition to the amounts referred to in clause (i) in an amount not greater than \$100,000. To this effect, any proceeds of the Bond and any sums from time to time held in the Series 2018E Debt Service Fund allocated to the Bond (or any other City account which will be used to pay principal or interest to become due on the Bond) in excess of amounts which, under then applicable federal arbitrage regulations, may be invested without regard as 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. In addition, the proceeds of the Bond and money allocated to the Bond in the Series 2018E Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by, or insured by the United States of America, or any agency or instrumentality thereof, if and to the extent that such investment would cause the Bond to be deemed to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(f) Allocation of Investment Earnings. Investment earnings, net of rebatable arbitrage, shall be credited to the fund or account from which the investment was made.

Section 9. Pledge of Tax Levy. For the purpose of paying the principal of and interest on the Bond and all other obligations due and owing to the Purchaser under the CCA, there is levied a direct annual irrepealable ad valorem tax (the “Tax”) upon all of the taxable property in the City, to be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Tax will be credited to the Series 2018E Debt Service Subaccount of the 2018 Debt Service Account above provided and shall be established by officials of the City after the award of the Bond and determination of the interest rates on the Bond. The Tax shall be initially levied and collected for the Bond in the years and in the amounts as set forth in the attached Exhibit B which is made a part hereof. The City reserves the right in the future, as authorized by Section 475.56 of the Municipal Debt Act, to adjust the amount of the Tax levied by the City with respect to the Bond because the Bond bear interest at a variable rate. In addition, all amounts on deposit in the various funds and accounts created under this Resolution for the Bond is hereby pledged to the payment of the principal of and interest on the Bond and all other obligations due and owing to the Purchaser under the CCA.

Section 10. Appropriation. The City covenants to pay debt service on the Bond and any other obligations due and owing to the Purchaser under the CCA through the end of calendar year 2019 under the CCA. The City also covenants to make the necessary appropriations required in future fiscal years of the City (and budget the necessary funds in future budgets) in order to pay when due the debt service on the Bond and any other obligations due and owing to the Purchaser under the CCA.

Section 11. Tax Levy; Coverage Test. The Tax is such that if collected in full it (along with any other funds, if any, deposited in the Series 2018 Debt Service Account), will produce at least five percent (5%) in

excess of the amount needed to meet when due the principal and interest payments on the Bond. The Tax shall be irrevocable so long as any of the Bond is outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Section 475.61, Subdivision 3 of the Municipal Debt Act.

Section 12. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bond, as the same respectively become due and the other obligations of the City under the CCA, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the 2018 Debt Service Account is ever insufficient to pay all principal and interest then due on the Bond payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, including the general fund of the City and the Debt Service Fund and the special accounts therein, and such other funds may be reimbursed with or without interest from the special account in the Debt Service Fund relating to the Bond when a sufficient balance is available therein.

Section 13. Certificate of Registration. The City Treasurer is hereby directed to file a certified copy of this Resolution with the officer of Ramsey County, Minnesota, performing the functions of the county auditor (the "County Auditor"), together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bond have been entered in the County Auditor's Bond Register, and that the levy of the Tax required by law has been made.

Section 14. 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 Bond, certified copies of all proceedings and records of the City relating to the Bond 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 Bond 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.

Section 15. Negative Covenants as to Use of Proceeds and 2018 Street Projects. The City hereby covenants not to use the proceeds of the Bond or to use the 2018 Street Projects, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the 2018 Street Projects, in such a manner as to cause the Bond to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the Bond that would cause it to be a private activity bond, and the average term of the Bond is not longer than reasonably necessary for the governmental purpose of the issue. The City hereby covenants not to use the proceeds of the Bond in such a manner as to cause the Bond to be a "hedge bond" within the meaning of Section 149(g) of the Code.

Section 16. Tax-Exempt Status of the Bond; Rebate; Elections. 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 Bond, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bond, and the rebate of excess investment earnings to the United States.

The City expects that the two-year expenditure exception to the rebate requirements may apply to the construction proceeds of the Bond to finance the 2018 Street Projects.

If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Bond, the Mayor and Director, Office of Financial Services (or their proper designees), or any of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Bond, and all such elections shall be, and shall be deemed and treated as, elections of the City.

Section 17. No Designation of Qualified Tax-Exempt Obligations. The Bond, together with other obligations issued by the City in 2018, exceed in amount those which may be qualified as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and hence are not designated for such purpose.

Section 18. Negotiated Sale. The City has retained Springsted Incorporated as an independent financial advisor (municipal advisor), and the City has heretofore determined, and hereby determines, to sell the Bond by private negotiation to the Purchaser, all as provided by Section 475.60, Subdivision 2(9) of the Municipal Debt Act.

Section 19. No Official Statement. The City has not prepared an offering document or other official statement with respect to the Bond.

Section 20. No Continuing Disclosure. The sale of the Bond is not subject to the provisions of Rule 15c2-12(b)(5), 17 CFR §240.15c2-12, promulgated by the Securities Exchange Commission under the Securities Exchange Act of 1934, as amended, since the Bond is being sold directly to the Purchaser. The City will be comply with the provisions of the financial reporting requirements of the CCA.

Section 21. Defeasance. When the Bond and all interest thereon have been discharged as provided in this section and all obligations to the Purchaser under the CCA have been satisfied, all pledges, covenants and other rights granted by this Resolution to the holders of the Bond will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bond will remain in full force and effect until redemption. The City may discharge the Bond, which is due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment, including interest earned thereon, in full of the Bond. If the Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

Section 22. 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.

Section 23. 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.