



## Legislation Text

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**File #:** RES 18-637, **Version:** 1

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Awarding the sale of General Obligation Tax Increment Refunding Bonds, Series 2018C; fixing the form and terms of the Series 2018C Bonds and directing their execution and delivery; and pledging Tax Increments and certain Parking Revenues for the payment thereof.

WHEREAS, the City Council of the City of Saint Paul, Minnesota (the "City") has heretofore determined that it was necessary and expedient to provide money to establish a redevelopment project in the City (the "Project") located within the area of the City bounded by Wabasha and St. Peter Streets and Fifth and Sixth Streets ("Block 39"); and

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") established the Block 39 Renewal and Renovation Tax Increment Financing District, being a tax increment financing district established as a renewal and renovation district under Minnesota Statutes, Section 469.174 to 469.179, as amended (the "Tax Increment Act") pursuant to the Tax Increment Act and a resolution adopted by the HRA on May 28, 1997, and approved by the City on May 28, 1997; and

WHEREAS, the HRA converted the Block 39 Renewal and Renovation Tax Increment Financing District to the Block 39/Arena Redevelopment Tax Increment Financing District (the "Block 39 TIF District") being a redevelopment district as defined in Section 469.174, subdivision 10, of the Tax Increment Act, and a resolution adopted by the HRA on September 24, 1997, and approved by the City on September 24, 1997, tax increment revenues from which (the "Tax Increments") were pledged to the payment of the Prior Bonds (as defined herein) and are pledged to the Bonds (as defined herein); and

WHEREAS, the Block 39 TIF District was officially certified in 1999; and

WHEREAS, the HRA established its Seventh Place Redevelopment Project as from time to time amended, and has by HRA resolution adopted September 24, 1997, expanded the boundaries of the Project which expansion was approved by the City on September 24, 1997, after consideration by the Saint Paul Planning Commission as required by law; and

WHEREAS, on October 19, 2009, the City issued its \$20,695,000 General Obligation Tax Increment Refunding Bonds, Series 2009G (the "Series 2009G Bonds"), and its \$8,655,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 2009H (the "Series 2009H Bonds," and together with the Series 2009G Bonds, the "Prior Bonds"); and

WHEREAS, the Series 2009H Bonds have been repaid and are no longer outstanding and the Series 2009G Bonds are currently outstanding in the principal amount of \$14,500,000; and

WHEREAS, the proceeds from the Prior Bonds were used to refund and prepay the City's General Obligation Tax Increment Bonds (Block 39 Project), Series 1998A and Taxable General Obligation Tax Increment Bonds (Block 39 Project), Series 1998B, which proceeds were applied by the HRA to finance (i) the acquisition by the HRA of Block 39 located within the Block 39 TIF District; (ii) the demolition of the existing structures on Block 39; (iii) site preparation on Block 39; (iv) the construction of a 1,075-space parking facility on the eastern two-thirds of Block 39 (the "Parking Facility"); and (v) the construction of approximately 12,000 square feet of retail space in the Parking Facility on Wabasha Street (the "Retail Facility"); and

WHEREAS, the City wishes to refund and prepay the Series 2009G Bonds by issuing its General Obligation Tax Increment Refunding Bonds, Series 2018C (the "Series 2018C Bonds"); and

WHEREAS, the HRA entered into an Amended and Restated Pledge Agreement, dated as of January 1, 2009 (the "2009 Pledge Agreement"), pledging the Tax Increments and the parking revenues derived from the Parking Facility to the Prior Bonds; and

WHEREAS, the HRA has approved the execution and delivery of a Second Amended and Restated Pledge Agreement, to be dated on or after May 1, 2018 (the "Second Amended and Restated Pledge Agreement"), between the HRA and the City, which amends, restates and supersedes the 2009 Pledge Agreement, pledging the Tax Increments and the parking revenues derived from the Parking Facility net of the expenses of operation and maintenance of the Parking Facility including deposits to a repair and replacement fund (the "Net Parking Revenues") to the repayment of the Series 2018C Bonds; and

WHEREAS, the amount of Tax Increments and Net Parking Revenues historically received and anticipated to be received are sufficient to satisfy the requirements of Minnesota Statutes, Section 475.58, Subdivision 1(3) and as refunding bonds the Series 2018C Bonds will also satisfy the requirements of Subdivision 1(2). Such that no election is required; and

WHEREAS, pursuant to Minnesota Statutes, Section 475.60, Subdivision 2(9), public sale requirements do not apply to the Series 2018C Bonds, because the City has retained an independent municipal advisor (Springsted Incorporated) and this Council has determined to sell the Series 2018C Bonds by private negotiation, and the City has instead authorized a competitive sale without publication of notice thereof as a form of private negotiation; and

WHEREAS, on the date hereof, Springsted Incorporated, as municipal advisor to the City, solicited proposals for the purchase of the Series 2018C Bonds pursuant to a Preliminary Official Statement (the "Preliminary Official Statement") and the Terms of Proposal (the "Terms of Proposal") therein; and

WHEREAS, Rule 15c2-12 of the Securities and Exchange Commission prohibits "participating underwriters", such as the Purchaser (as defined below), from purchasing or selling the Series 2018C Bonds unless the City undertakes to provide certain continuing disclosure with respect to the Series 2018C Bonds and the City will provide such continuing disclosure information; and

WHEREAS, the proposals to purchase the Series 2018C Bonds as set forth on EXHIBIT D attached hereto were received by the City pursuant to the Terms of Proposal at the offices of Springsted Incorporated on the date hereof; and

WHEREAS, the Director, Office of Financial Services, has advised this Council that the proposal of the Purchaser was found to be the most advantageous and the Director, Office of Financial Services has recommended that the proposal of the Purchaser be accepted by the City.

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

1. Sale of Bonds. The City is proposing to issue and sell, pursuant to the provisions of the Tax Increment Act and Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), the Series 2018C Bonds in the original aggregate principal amount of \$14,500,000. The proceeds derived from the sale of the Series 2018C Bonds are to be applied to the current refunding and redemption and prepayment of the outstanding Series 2009G Bonds. The Series 2009H Bonds are no longer outstanding. The City has retained Springsted Incorporated, Saint Paul, Minnesota, as its municipal advisor in connection with issuance of the Series 2018C Bonds. Pursuant to Section 475.60, subdivision 2(9) of the Municipal Debt Act, the Issuer has determined, with the concurrence of its municipal advisor, to sell such bonds by private negotiation.

2. Award of the Series 2018C Bonds. The proposal of Citigroup Global Markets, Inc., on behalf of itself and a syndicate (the "Purchaser") to purchase the Series 2018C Bonds of the City described in the Terms of Proposal thereof is hereby found and determined to be the most reasonable offer and is hereby accepted, the proposal being to purchase the Series 2018C Bonds at a price of \$14,383,441.54 (the principal amount of the Series 2018C Bonds of \$13,175,000.00, plus an original issue premium in the amount of \$1,241,840.05, less the Purchaser's discount of \$33,398.51), plus accrued interest to date of delivery, if any, for the Series 2018C Bonds as set forth in EXHIBIT B hereto. The amount of Series 2018C Bonds authorized to be issued is the purchase price referenced above, all of which will be applied to the refunding of the Series 2009G Bonds and the payment of the costs of issuing the Series 2018C Bonds. The City retained the right to increase or reduce the principal amount of the Series 2018C Bonds from the proposed \$14,325,000, and the City has determined to reduce the principal amount of the Series 2018C Bonds to \$13,175,000. Interest on the Series 2018C Bonds will be payable semiannually on February 1 and August 1 in each year, commencing February 1, 2019 calculated on the basis of a 360-day year of twelve 30-day months. The interest on the Series 2018C Bonds is payable to the registered owners of record thereof as of the close of business on the fifteenth (15th) day of the immediately preceding month, whether or not such day is a business day.

The Director, Office of Financial Services, or designee, is directed to obtain the good faith deposit of the Purchaser.

3. Title; Original Issue Date; Denominations; Maturities. The Series 2018C Bonds shall be titled "General Obligation Tax Increment Refunding Bonds, Series 2018C", shall be dated as of the date of original issue, and shall be issued forthwith on or after such date as fully registered bonds. The Series 2018C Bonds shall be numbered from R-1 upward and shall be in the denomination of \$5,000 each or in any integral multiple thereof. The Series 2018C Bonds shall mature on February 1 on the dates and in the amounts set forth in EXHIBIT B attached hereto and made a part hereof.

4. Execution of Purchase Agreement. The Director, Office of Financial Services or his designee, on behalf of the City, is directed to execute a purchase agreement or bid form with the Purchaser related to the Series 2018C Bonds.

5. Registrar. The City Treasurer is hereby appointed as the initial bond registrar and paying agent (the "Registrar" and the "Paying Agent") for the Series 2018C Bonds. 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 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. Principal and interest on the Series 2018C Bonds shall be paid to the registered holder or holders of the Series 2018C Bonds (the "Holder" or "Holders") in the manner set forth in the forms of the Series 2018C Bonds. 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 Series 2018C Bonds and the registration of transfers and exchanges of the Series 2018C Bonds entitled to be registered, transferred, or exchanged.

(b) *Transfer of Series 2018C Bonds.* Upon surrender for transfer of a Series 2018C 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 Series 2018C 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 Series 2018C Bonds.* When Series 2018C Bonds are surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2018C Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) *Cancellation.* Series 2018C 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 Series 2018C Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Series 2018C Bond until the Registrar is satisfied that the endorsement on the Series 2018C 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 judgment, deems improper or unauthorized.

(f) *Persons Deemed Owners.* The City and the Registrar may treat the person in whose name a Series 2018C Bond is registered in the bond register as the absolute owner of the Series 2018C Bond, whether the Series 2018C Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Series 2018C 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 Series 2018C Bond to the extent of the sum or sums so paid.

(g) *Taxes, Fees, and Charges.* The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Series 2018C Bonds 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 Series 2018C Bond.* If a Series 2018C Bond becomes mutilated or is destroyed, stolen, or lost, the Registrar shall deliver a new Series 2018C Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Series 2018C Bond or in lieu of and in substitution for any Series 2018C 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 Series 2018C Bond destroyed, stolen, or lost, upon filing with the Registrar of evidence satisfactory to it that the Series 2018C 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. Series 2018C 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 Series 2018C Bond has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Series 2018C Bond prior to payment.

6. Registration and Payment. The Series 2018C Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Series 2018C Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein. Each Series 2018C Bond shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Series 2018C Bonds 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 Series 2018C Bonds 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 Series 2018C Bonds will be dated as of the date of original issue. The Series 2018C Bonds shall bear interest at the rates per annum as set forth in paragraph 2 hereof.

7. Redemption.

(a) *Optional Redemption.* The City may elect on February 1, 2025, and on any day thereafter, to prepay Series 2018C Bonds due on or after February 1, 2026. Optional redemptions may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2018C Bonds of a maturity are called for redemption, the City will notify DTC (as defined herein) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All optional redemptions of the Series 2018C Bonds shall be at a price of par plus accrued interest to the redemption date.

(b) *No Scheduled Mandatory Redemption.* There are no term bonds which are subject to mandatory redemption and prepayment on scheduled dates.

(c) *Selection of Series 2018C Bonds to be Redeemed: Redemption Procedure.* In the event any of the Series 2018C Bonds are called for redemption, notice thereof identifying the Series 2018C Bonds to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Series 2018C Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, shall not affect the validity of the proceedings for the redemption of Series 2018C Bonds. Series 2018C Bonds so called for redemption shall cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the Registrar at that time.

(d) *Notice of Redemption.* The Registrar shall call Series 2018C Bonds for optional redemption and prepayment as herein provided upon receipt by the Registrar at least forty-five (45) days prior to the redemption date of a request of the City, in written form if the Registrar is other than a City officer. Such request shall specify the series and principal amount of Series 2018C Bonds to be called for redemption and the redemption date.

Mailed notice of optional redemption shall be given to the Paying Agent (if other than a City officer) and to each affected Holder. If and when the City shall call any of the Series 2018C Bonds for redemption and prepayment prior to the stated maturity thereof, the Registrar shall give written notice in the name of the City of its intention to redeem and pay such Series 2018C Bonds at the office of the Registrar. Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the redemption date, to each Holder of Series 2018C Bonds to be redeemed, at the address appearing in the Bond Register. All notices of optional redemption shall state: (i) the redemption date; (ii) the redemption price; (iii) if less than all outstanding Series 2018C Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2018C Bonds to be redeemed; (iv) that on the optional redemption date, the redemption price will become due and payable upon each such Series 2018C Bond, and that interest thereon shall cease to accrue from and after said date; (v) the place where such Series 2018C Bonds are to be surrendered for payment of the redemption price (which shall be the office of the Registrar); and (vi) 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 all Series 2018C Bonds 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.

Notices to DTC or its nominee shall contain the CUSIP numbers of the Series 2018C Bonds. If there are any Holders of the Series 2018C Bonds other than DTC or its nominee, the Registrar shall use its best efforts to deliver any such notice to DTC on the business day next preceding the date of mailing of such notice to all other Holders.

8. Forms of Series 2018C Bonds. All of the provisions of the Series 2018C Bonds, 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 Series 2018C Bonds 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 Series 2018C Bonds, the stated maturities of the Series 2018C Bonds, the interest rates on the Series 2018C Bonds, the terms of redemption of the Series 2018C Bonds, 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 and delivery of the Series 2018C Bonds by the City shall be conclusive evidence of such determinations.

The City Treasurer is authorized and directed to obtain a copy of the proposed approving legal opinion of Barnes & Thornburg LLP, Saint Paul, Minnesota, which shall be complete except as to dating thereof and cause the opinion to accompany each Series 2018C Bond.

9. Execution. The Series 2018C Bonds shall be executed on behalf of the City by the signature of its Mayor, City Clerk, and Director, Office of Financial Services, or their respective deputies, each with the effect noted on the forms of the Series 2018C Bonds, and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed or a photocopied facsimile; and provided further that any of such signatures may be printed or photocopied facsimiles and the corporate seal may be omitted on the Series 2018C Bonds as permitted by law. In case any such officer whose signature or facsimile of whose signature shall appear on the Series 2018C Bonds shall cease to be such officer before the delivery of the Series 2018C Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

10. Authentication; Date of Registration. No Series 2018C 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 Series 2018C Bond, substantially in the form set forth in EXHIBIT A, shall have been duly executed by an authorized representative of the Registrar. Certificates of Authentication on different Series 2018C Bonds need not be signed by the same person. The Registrar shall authenticate the signatures of officers of the City on each Series 2018C Bond by execution of the Certificate of Authentication on the Series 2018C Bond and by inserting as the date of registration in the space provided the date on which the Series 2018C Bond is authenticated. For purposes of delivering the original Series 2018C Bonds to the Purchaser, the Registrar shall insert as the date of registration the date of original issue. The Certificate of Authentication so executed on each Series 2018C Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

11.  Holders; Treatment of Registered Owner; Consent of Holders.

(a) *Beneficial Owners.* For the purposes of all actions, consents, and other matters affecting Holders of the Series 2018C Bonds, other than payments, redemptions, and purchases, the City may (but shall not be obligated to) treat as the Holder of a Series 2018C Bond the beneficial owner of the Series 2018C Bond instead of the person in whose name the Series 2018C Bond is registered. For that purpose, the City may ascertain the identity of the beneficial owner of the Series 2018C Bond by such means as the Registrar, in its sole discretion, deems appropriate, including but not limited to a certificate from the person in whose name the Series 2018C Bond is registered identifying such beneficial owner.

(b) *Registered Owners.* The City and Registrar may treat the person in whose name any Series 2018C Bond is registered as the owner of such Series 2018C Bond for the purpose of receiving payment of principal of and premium, if any, and interest on such Series 2018C Bond and for all other purposes whatsoever whether or not such Series 2018C Bond shall be overdue, and neither the City nor the Registrar shall be affected by notice to the contrary.

(c) *Actions of Holders.* Any consent, request, direction, approval, objection, or other instrument to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection, or other instrument, or of the writing appointing any such agent and of the ownership of Series 2018C Bonds, if made in the following manner, shall be sufficient for any of the purposes of this resolution, and shall be conclusive in favor of the City with regard to any action taken by it under such request or other instrument, namely: (i) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and (ii) subject to the provisions of subparagraph (a) above, the fact of the ownership by any person of Series 2018C Bonds and the amounts and numbers of such Series 2018C Bonds, and the date of the holding of the same, may be proved by reference to the bond register.

## 12. Book-Entry System.

(a) *The Depository Trust Company.* The Series 2018C Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Series 2018C Bond for each of the maturities of the Series 2018C Bonds set forth on EXHIBIT B hereto. Upon initial issuance, the ownership of each Series 2018C Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns ("DTC"). Except as provided in this Section 12, all of the outstanding Series 2018C Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

(b) *Participants.* With respect to Series 2018C Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar, and the Paying Agent will have no responsibility or obligation to any broker dealers, banks, and other financial institutions from time to time for which DTC holds Series 2018C Bonds as securities depository ("Participants") or to any other person on behalf of which a Participant holds an interest in the Series 2018C Bonds, including but not limited to any responsibility or obligation with respect to: (i) the accuracy of the records of Cede & Co., DTC, or any Participant with respect to any ownership interest in the Series 2018C Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Series 2018C Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Series 2018C Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Series 2018C Bonds, of any amount with respect to principal of, premium, if any, or interest on the Series 2018C Bonds. The City, the Registrar, and the Paying Agent may treat and consider the person in whose name each Series 2018C Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series 2018C Bond for the purpose of payment of principal, premium, and interest with respect to such Series 2018C Bond, for the purpose of registering transfers with respect to such Series 2018C Bonds, and for all other purposes. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2018C Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, or interest on the Series 2018C Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Series 2018C Bond, as shown in the registration books kept by the Registrar, will receive a certificated Series

2018C Bond evidencing the obligation of this Resolution. Upon delivery by DTC to the City Clerk of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." shall refer to such new nominee of DTC; and upon receipt of such a notice, the City Clerk shall promptly deliver a copy of the same to the Registrar and Paying Agent.

(c) *Representation Letter.* The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Representation Letter") which shall govern payment of principal of, premium, if any, and interest on the Series 2018C Bonds and notices with respect to the Series 2018C Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Series 2018C Bonds shall agree to take all actions necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

(d) *Transfers Outside Book-Entry System.* In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Series 2018C Bonds that they be able to obtain Series 2018C Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Series 2018C Bond certificates. In such event the City will issue, transfer, and exchange Series 2018C Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Series 2018C Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City shall issue and the Registrar shall authenticate Series 2018C Bond certificates in accordance with this Resolution and the provisions hereof shall apply to the transfer, exchange, and method of payment thereof.

(e) *Payments to DTC.* Notwithstanding any other provision of this Resolution to the contrary, so long as a Series 2018C Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Series 2018C Bonds and all notices with respect to the Series 2018C Bonds shall be made and given, respectively, in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

13. Delivery; Application of Proceeds. The Series 2018C Bonds when so prepared and executed shall be delivered by the Director, Office of Financial Services, to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

14. Funds and Accounts.

(a) *Project Fund.* There is created hereby a special fund of the City designated the "Series 2009G Refunding Fund" (the "Refunding Fund"), to be held and administered by the City Treasurer or the Director, Office of Financial Services, separate and apart from all other funds of the City. All proceeds from the sale of the Series 2018C Bonds, excluding accrued interest, if any, shall be deposited in the Refunding Fund and applied to: (i) payment of the costs of issuing the Series 2018C Bonds, and (ii) the costs of refunding the Series 2009G Bonds.

(b) *Debt Service Fund.* There is created hereby a special fund of the City designated the "Block 39 Debt Service Fund" (the "Debt Service Fund") to be held and administered by the City Treasurer or the Director, Office of Financial Services, separate and apart from all other funds of the City. For the convenience and proper administration of the revenues to be applied to payment of the debt service on the Series 2018C Bonds, and to provide adequate and specific security to the Purchaser, and the Holders from time to time of the Series 2018C Bonds, there are hereby created in the Debt Service Fund the "Tax Increment Account" and the "Parking Revenues Account," each to be administered and maintained as bookkeeping accounts in the Debt Service Fund separate and apart from all other accounts maintained therein. The Debt Service Fund shall be maintained in the manner herein specified until all of the Series 2018C Bonds and the interest thereon

have been fully paid.

(i) *Tax Increment Account.* To the Tax Increment Account there is hereby pledged and irrevocably appropriated and there shall be credited and used to pay debt service on the Series 2018C Bonds as further provided herein: (A) all Tax Increments derived from the Block 39 TIF District and pledged to the payment of the Series 2018C Bonds (subject to any senior pledges or exclusions of such Tax Increments provided for in the Second Amended and Restated Pledge Agreement and provided that Revenues in excess of amounts necessary to pay the principal of and interest on the Series 2018C Bonds shall be released from the pledge as provided herein); plus (B) all “shortfall payments” required to be paid to the HRA pursuant to the terms of the Developer Shortfall Agreement, dated as of August 8, 1997, as amended and supplemented; plus (iii) all investment earnings thereon.

(ii) *Parking Revenues Account.* To the Parking Revenues Account there is hereby pledged and irrevocably appropriated and there shall be credited all Net Parking Revenues, as determined in accordance with the terms of the Second Amended and Restated Pledge Agreement, plus all investment earnings on funds held in the Parking Revenues Account. Funds held in the Parking Revenues Account shall be used to pay debt service on the Series 2018C Bonds as further provided herein.

(iii) *Order of Use of Accounts.* The money credited to the Tax Increment Account shall be applied first to payment of the debt service on the Series 2018C Bonds and the money credited to the Parking Revenues Account shall be applied to pay debt service on the Series 2018C Bonds only to the extent that money credited to the Tax Increment Account is not sufficient for the payment of debt service on the Series 2018C Bonds.

(iv) *Tax Increment Account Excess.* Any money held in the Tax Increment Account as of February 2 of each year shall be transferred from the Tax Increment Account to the HRA and may thereafter be used for any lawful purpose for which Tax Increments derived from the Block 39 TIF District may then be used.

(v) *Parking Account Excess.* Any money held in the Parking Revenues Account as of February 2 of each year shall be transferred from the Parking Revenues Account to the HRA and may thereafter be used for any lawful purpose for which Net Parking Revenues may then be used.

(vi) *Reservation for Rebate.* Prior to making the transfers provided for in clauses (iv) and (v), the City Treasurer shall estimate or cause to be estimated the amount of accrued liability for rebatable arbitrage on account of the Series 2018C Bonds, and shall then segregate all or a portion of the money subject to transfer from the Tax Increment Account and the Parking Revenues Account in accordance with clauses (iv) and (v) to make provision for the payment (or reserve for the payment of) any rebate due or to become due to the United States of America arising from the investment of funds held in the funds and accounts created by this Resolution.

(vii) *Bona Fide Debt Service Fund.* The Debt Service Fund, and the accounts therein, shall be held and administered at all times as a “bona fide debt service fund” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”). Excess funds shall be released or transferred from the Debt Service Fund at such times and in such amounts as are required to comply with this clause (vii).

(c) *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 Series 2018C 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 (i) for a reasonable temporary period until such

proceeds are needed for the purpose for which the Series 2018C Bonds were 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 Series 2018C Bonds and any sums from time to time held in the Debt Service Fund allocated to the Series 2018C Bonds (or any other City account which will be used to pay principal or interest to become due on the Series 2018C Bonds) 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 Series 2018C Bonds and money allocated to the Series 2018C Bonds in the 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 Series 2018C Bonds to be deemed to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

(e) *Other Accounts and Subaccounts.* The City Treasurer is hereby authorized to create such accounts or subaccounts within the Refunding Fund and the Debt Service Fund (and accounts therein) to properly administer such funds and accounts and to assure compliance with the preceding paragraphs, and Sections 20 and 21 hereof. Specifically, the City Treasurer may create separate accounts and subaccounts to hold and apply the proceeds of the Series 2018C Bonds, and revenues pledged to payment thereof.

15. Pledge of Tax Increments; Coverage Test. All of the Tax Increments (subject to the terms of the Second Amended and Restated Pledge Agreement and this Resolution) and Net Parking Revenues (subject to the terms of the Second Amended and Restated Pledge Agreement and this Resolution) are hereby pledged to the payment of the Series 2018C Bonds and the interest thereon, but only to the extent of an amount equal, with other pledged sources, to one hundred five percent (105%) of the principal and interest requirements of the Series 2018C Bonds. Revenues (both Tax Increments and Net Parking Revenues) shall be used to pay debt service on the Series 2018C Bonds in accordance with the terms of Section 14 of this Resolution. Revenues received in each year in excess of the amount required to pay the debt service on the Series 2018C Bonds shall be released from the funds, free and clear of the pledge stated in this Section 15, as provided in Section 14 of this Resolution.

The Tax Increments are such that if collected in full they, together with estimated collections of Net Parking Revenues, investment earnings, and other revenues herein pledged for the payment of the Series 2018C Bonds, will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Series 2018C Bonds. The estimated amount of Tax Increments to be received over the term of the Series 2018C Bonds, and the use of Tax Increments as provided herein, are such that more than twenty percent (20%) of the total amount to be paid as principal and interest on the Series 2018C Bonds over their term shall be paid from Tax Increments, all within the meaning of Section 475.58 of the Municipal Debt Act.

Annually at the times taxes are required to be levied, the City shall estimate the sufficiency of the Debt Service Fund. In the event that it is anticipated that the aggregate amount in (or to be timely received in) the Debt Service Fund will not be sufficient to pay principal of and interest on the Series 2018C Bonds to become due in the next eighteen (18) months, the City shall levy an ad valorem tax in such amount as is estimated, with other sources, to be necessary to pay the principal of, and interest on, the Series 2018C Bonds to become due during such period. See EXHIBIT C hereto for schedule of Tax Increments.

16. Tax Increments; Second Amended and Restated Pledge Agreement. The County Auditor has certified the original tax capacity of real property within the Block 39 TIF District, and has covenanted not to withdraw or limit such request. Under the provisions of Section 469.177 of the Tax Increment Act, the County

Auditor will remit to the HRA as tax increment that portion of the taxes paid each year on real property in the Block 39 TIF District which represents the taxes on captured tax capacity (being tax capacity of the property less said original tax capacity) provided that the HRA shall request that the County Auditor remit such funds directly to the City Treasurer. Tax Increments not required to pay the principal of and interest on the Series 2018C Bonds may be used for any proper purpose.

Prior to issuance of the Series 2018C Bonds, the City and HRA shall enter into the Second Amended and Restated Pledge Agreement under the terms of which the Tax Increments and Net Parking Revenues pledged to payment of the Series 2018C Bonds are remitted to the City. Tax Increments and Net Parking Revenues may be pledged to other purposes by the HRA. The priority of such pledges may be superior, subordinate, or on a parity with the pledge made in this Resolution, such priority to be determined at the time thereof. A superior or parity pledge of Tax Increments shall only be made with the consent of the City, but a subordinate pledge may be made without the consent of the City. Notwithstanding any provision herein to the contrary, the City reserves the right to terminate or reduce the Tax Increments and Net Parking Revenues herein pledged to the payment of the Series 2018C Bonds and interest thereon to the extent and in the manner permitted by law so long as such action does not preclude the City from paying when due the debt service on the Series 2018C Bonds or otherwise impair the City's full faith and credit pledge to the Series 2018C Bonds.

The Second Amended and Restated Pledge Agreement 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.

17. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Series 2018C Bonds, as the same respectively become due, the full faith and credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Series 2018C Bonds 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 such other funds may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

18. Certificate of Registration. The Director, Office of Financial Services, is hereby directed to file a certified copy of this resolution with the County Auditor of Ramsey County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Series 2018C Bonds have been entered in the County Auditor's Bond Register, and that the Second Amended and Restated Pledge Agreement has been filed with the County Auditor.

19. 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 Series 2018C Bonds, certified copies of all proceedings and records of the City relating to the Series 2018C 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 Series 2018C 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.

20. Negative Covenants as to Use of Proceeds and Improvements. The City hereby covenants not to use (or permit the HRA to use) the proceeds of the Series 2018C Bonds or to use (or permit the HRA to use) the facilities financed with the proceeds of the Series 2018C Bonds, or to cause or permit (or permit the HRA to cause or permit) them or any of them to be used, or to enter into (or permit the HRA to enter into) any deferred payment arrangements for the cost of such facilities, in such a manner as to cause the Series 2018C Bonds to be "private activity bonds" within the meaning of Section 103 and Sections 141 through 150 of the Code. The City hereby covenants not to use (or to permit the HRA to use) the proceeds of the Series 2018C

Bonds in such a manner as to cause the Series 2018C Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code.

21. Tax Exempt Status of the Series 2018C Bonds; Rebate; Elections. The City shall comply with all 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 Series 2018C Bonds including, without limitation, requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Series 2018C Bonds, and the rebate of excess investment earnings to the United States. If any elections are now or hereafter available with respect to arbitrage or rebate matters relating to the Series 2018C Bonds, the Mayor, City Clerk, City Treasurer, and Director, Office of Financial Services, or any of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate, or desirable in connection with the Series 2018C Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

22. No Designation of Qualified Tax Exempt Obligations. The Series 2018C Bonds, 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.

23. Other Agreements: Official Statement. There have been submitted to this City Council the form of the Second Amended and Restated Pledge Agreement between the City and the HRA and the Official Statement. The Second Amended and Restated Pledge Agreement is hereby approved, and shall be executed on behalf of the City by the Mayor, City Clerk, and Director, Office of Financial Services, in substantially the form approved, with such changes, modifications, additions, and deletions as shall be necessary and appropriate and approved by the City Attorney. So long as the Series 2018C Bonds remain outstanding, the City shall comply with the provisions of the Second Amended and Restated Pledge Agreement as from time to time supplemented or amended. The use and distribution of the Official Statement, and of an Addendum to the Official Statement, by the Purchaser in connection with the offer and sale of the Series 2018C Bonds is hereby approved. The Mayor, City Clerk, and Director, Office of Financial Services are authorized and directed to certify that they have examined the Official Statement, as supplemented by the Addendum to the Official Statement, and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement and that the Official Statement does not, at the date of closing, and did not, as of its date, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

24. Continuing Disclosure. In order to satisfy the continuing disclosure requirements 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, the appropriate officials of the City are hereby authorized and directed to execute and deliver a continuing disclosure undertaking substantially in the form of the Continuing Disclosure Certificate set forth in Appendix II of the Official Statement (the “Continuing Disclosure Certificate”). The Continuing Disclosure Certificate is hereby approved with such changes, modifications, additions, and deletions as shall be necessary and appropriate and approved by the City Attorney.

25. 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.

26. 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.