Legislation Details (With Text)

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		In control:	City Council
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Title:	Providing for the issuance of and accepting a proposal on the sale of a General Obligation Variable Rate Street Improvement Special Assessment Bond, Series 2017D and taking other required actions with respect thereto.		
Sponsors:	Russ Stark		
Indexes:	Bond Sale		
Code sections:			
Attachments:	1. Exhibit A, 2. Exhibit B Amendment		

Date	Ver.	Action By	Action	Result
7/24/2017	2	Mayor's Office	Signed	
7/19/2017	1	City Council	Adopted As Amended	Pass

Providing for the issuance of and accepting a proposal on the sale of a General Obligation Variable Rate Street Improvement Special Assessment Bond, Series 2017D and taking other required actions with respect thereto.

WHEREAS, the Director, Office of Financial Services, has presented to the Council a proposal received for the sale of General Obligation Variable Rate Street Improvement Special Assessment Bonds, Series 2017D (the "Series 2017D Bonds"), of the City of Saint Paul, Minnesota (the "City") in a direct loan placement with BMO Harris Bank N.A. (the "Purchaser"); and

WHEREAS, the City Council gave its preliminary approval to the issuance of the Series 2017D Bonds by adopting RES 17-112 on January 18, 2017; and

WHEREAS, the City will issue the Series 2017D Bonds pursuant to the Charter of the City (the "City Charter") and Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act" or the "Act"); 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 July 1, 2017 (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; and

WHEREAS, the Purchaser and the City have also negotiated certain amendments to the prior continuing convent agreements with respect to the City's outstanding (i) General Obligation Variable Rate Street Improvement Special Assessment Bonds, Series 2015C and (ii) General Obligation Variable Rate Street Improvement Special Assessment Bonds, Series 2016C in order to align the provisions of such prior continuing covenant agreements with the CCA (the "Amendments"); and

WHEREAS, the proceeds derived from the sale of the Series 2017D Bonds will be used by the City to (i) fund certain street improvement and rehabilitation projects for 2017 as set forth in the 2017 City Capital Improvement Budget (the "2017 Street Projects"); and (ii) pay costs of issuance relating to the issuance of the Series 2017D Bonds; and

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

1. *Form of Series 2017D Bonds*. All of the provisions of the Series 2017D 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 2017D 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 2017D Bonds, the stated maturity of the Series 2017D Bonds, the interest rate on the Series 2017D Bonds, the terms of redemption of the Series 2017D 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. The execution of the Series 2017D Bonds with the manual signatures of the Mayor, City Clerk and Director, Office of Financial Services, or their proper designee, and the delivery of the Series 2017D Bonds 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 Series 2017D Bonds.

2. *Execution*. The Series 2017D Bonds 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 Series 2017D Bonds, provided, that any such signatures may be printed or manual and the corporate seal may be omitted on the Series 2017D Bonds as permitted by law. In the event of disability or resignation or other absence of any such officer, the Series 2017D Bonds 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 Series 2017D Bonds shall cease to be such officer before the delivery of the Series 2017D Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

3. *Authentication; Date of Registration*. No Series 2017D 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 Series 2017D 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 Series 2017D Bonds by execution of the Certificate of Authentication on the Series 2017D Bonds and by inserting as the date of registration in the space provided the date on which the Series 2017D Bonds is authenticated. For purposes of delivering the original Series 2017D 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 Series 2017D 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 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 Series 2017D Bonds shall be paid to the registered holder or holders of the Series 2017D Bonds (the “Holder” or “Holders”) in the manner set forth in the form of the Series 2017D 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 2017D Bonds and the registration of transfers and exchanges of the Series 2017D Bonds entitled to be registered, transferred, or exchanged.

(b) *Transfer of Series 2017D Bonds*. Upon surrender for transfer of a Series 2017D 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 2017D 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 2017D Bonds*. When Series 2017D Bonds are surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2017D 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 2017D 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 2017D Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Series 2017D Bond until the Registrar is satisfied that the endorsement on the Series 2017D 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 Series 2017D Bond is registered in the bond register as the absolute owner of the Series 2017D Bond, whether the Series 2017D Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Series 2017D 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 2017D 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 Series 2017D 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 Series 2017D Bonds*. If a Series 2017D Bond becomes mutilated or is destroyed, stolen, or lost, the Registrar shall deliver a new Series 2017D Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Series 2017D Bond or in lieu of and in substitution for any Series 2017D 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 2017D Bond destroyed, stolen, or lost, upon filing with the Registrar of evidence satisfactory to it that the Series 2017D 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 2017D 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 2017D Bond has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Series 2017D Bond prior to payment.

4. *Rights Upon Transfer or Exchange*. The Series 2017D Bonds delivered upon transfer of or in exchange for or in lieu of any other Series 2017D Bonds shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2017D Bonds. The Series 2017D Bonds may be transferred in accordance with the terms of this Resolution and the CCA.

5. *Registration and Payment*. The Series 2017D Bonds 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 Series 2017D Bonds, the principal amount thereof, is payable by check, draft or wire transfer or ACH debit as authorized herein and in the CCA. The Series 2017D Bonds shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Series 2017D 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 2017D 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 2017D Bonds will be dated as of the date of original issue. The Series 2017D Bonds shall bear interest at a variable rate as described in the Series 2017D Bonds.

6. *Continuing Covenant Agreement, Amendments and Series 2017D 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 and the Amendments in accordance with the terms of this Resolution. The authorization to enter into the CCA and the Amendments 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 Series 2017D Bonds. The maximum amount of the Series 2017D Bonds shall not exceed $11,575,000. The Series 2017D Bonds shall be issued in Authorized Denominations (as defined in the Series 2017D Bond).

(c) Variable Rate of Interest. Section 475.56 of the Municipal Debt Act authorizes the City to issue the Series 2017D Bonds as variable rate bonds. The Series 2017D Bonds shall bear interest at a variable rate per annum as set forth below and in the form of the Series 2017D Bonds.

(d) Drawdown Bond. The Series 2017D Bonds shall be issued as a drawdown bond and the City may draw the principal of the Series 2017D Bonds 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 Series 2017D Bonds shall be subject to mandatory tender as set forth in the CCA and the Series 2017D Bonds.

(g) Redemption. (i) Optional Redemption. The City may elect on September 1, 2017, and on any day thereafter, to prepay and redeem the outstanding Series 2017D 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 Series 2017D Bonds 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 Series 2017D Bonds to be less than $100,000.

(ii) *Scheduled Mandatory Redemption*. The Series 2017D Bonds are subject to scheduled mandatory sinking fund redemption as set forth below or in the CCA, as applicable.

(A) *Series 2017D Bond*. The Series 2017D Bonds are 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.

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Sinking Fund Payment Date (May 1)	Principal Amount
2018	$930,000
2019	510,000
2020	510,000
2021	510,000
2022	515,000
2023	515,000
2024	520,000
2025	525,000
2026	530,000
2027	540,000
2028	545,000
2029	555,000
2030	565,000
2031	575,000
2032	585,000
2033	600,000
2034	615,000
2035	625,000
2036	645,000
2037	660,000

(B) *Unremarketed Bonds*. Unremarketed Series 2017D Bonds are subject to special mandatory redemption by the City, at a redemption price equal to 100% of the principal amount of the Series 2017D Bonds to be redeemed plus accrued interest thereon (at the Purchaser Rate as defined in the CCA) to but not including the date of such redemption, on the dates, in the amounts and in the manner set forth in the applicable CCA.

(iii) *Due Date*. The Series 2017D Bonds 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 Series 2017D Bonds 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 Series 2017D Bonds 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 Series 2017D Bonds is to be redeemed, the identification of the portion of the Series 2017D Bonds to be redeemed;

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(D) that on the redemption date, the redemption price will become due and payable upon such amount of the Series 2017D Bonds 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 Series 2017D Bonds, the Purchaser shall not be required to surrender the Series 2017D Bonds to the Paying Agent, except for redemption of all outstanding Series 2017D 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 Series 2017D 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.

7. *Funds*. There is hereby created a special fund to be designated the "2017 Capital Projects Fund" (numbered C17, 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 has been heretofore created and established the "General Obligation Special Assessments -- Streets Debt Service Fund" (the "Debt Service Fund"). In the Debt Service Fund there shall be established a 2017 Debt Service Account (the "2017 Debt Service Account") and a subaccount therein relating to the Series 2017D Bonds (the "Series 2017D Debt Service Subaccount"). The Capital Fund, the Debt Service Fund, the 2017 Debt Service Account, the Series 2017D Debt Service Subaccount, and any other accounts or subaccounts established by the City Treasurer shall be maintained in the manner herein specified until the Series 2017D Bonds 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 Series 2017D Bonds 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 2017 Street Projects. From the Capital Fund there shall be paid all costs and expenses of making the 2017 Street Projects listed in paragraph 7 and the cost of issuance of the Series 2017D Bonds, after they have been ordered in accordance with the Charter of the City, 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 Series 2017D Bonds 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 Series 2017D Bonds may also be used to the extent necessary to pay interest on the Series 2017D Bonds due prior to the anticipated date of commencement of the collection of taxes or special assessments herein covenanted to be levied; and provided further that if upon completion of the 2017 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 improvement instituted pursuant to the City's Charter or Minnesota Statutes, Chapter 429 (if the special assessments for such improvement project are pledged to the Series 2017D Bonds), or used to pay 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 Series 2017D Bonds from the Capital Fund.

(b) *2017 Debt Service Account*. There is hereby pledged and there shall be credited to the Series 2017D Debt Service Subaccount of the 2017 Debt Service Account: (a) collections of special assessments herein covenanted to be levied with respect to the 2017 Street Projects, (b) all accrued interest, if any, received upon delivery of the Series 2017D Bonds, (c) any collections of all taxes which are levied herein for the Series 2017D Bonds, or which may hereafter be levied in the event that the special assessments herein pledged to the payment of the Series 2017D Bonds and interest thereon are insufficient therefor, (d) all funds

remaining in the Capital Fund after completion of the 2017 Street Projects, that the Director, Office of Financial Services determines should be transferred to the 2017 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 (e) 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 Series 2017D Bonds, the Series 2017D Bonds shall be paid from the 2017 Debt Service Account or any other special account therein, and the Series 2017D Bonds are hereby made payable from the 2017 Debt Service Account and any other special accounts therein for this purpose. If money in the 2017 Debt Service Account should ever be insufficient to pay debt service on the Series 2017D Bonds, the Series 2017D Bonds shall be paid from the 2017 Debt Service Account or any other special account therein, and the Series 2017D Bonds are hereby made payable from the 2017 Debt Service Account and any other special accounts therein for this purpose. Amounts drawn from the 2017 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 Series 2017D Bonds in the 2017 Debt Service Account.

The Series 2017D Debt Service Subaccount of the 2017 Debt Service Account shall be used solely to pay the principal of and interest on the Series 2017D Bonds 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 2017 Debt Service Account as provided by law, or to pay any rebate due to the United States. No portion of the proceeds of the Series 2017D Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Series 2017D Bonds was issued, and (2) in addition to the above in an amount not greater than five percent (5%) of the proceeds of the Series 2017D Bonds. To this effect, any sums from time to time held in the Capital Fund or in such special account in the 2017 Debt Service Account (or any other City fund or account which will be used to pay principal or interest to become due on the Series 2017D Bonds 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 Series 2017D Bonds and money in the Capital Fund or in such special account in the 2017 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 Series 2017D Bonds 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 Series 2017D Bonds 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 Series 2017D 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 2017D Bonds 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 Series 2017D Bonds and any sums from time to time held in the Series 2017D Debt Service Fund allocated to the Series 2017D Bonds (or any other City account which will be used to pay principal or interest to become due on the Series 2017D 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 2017D Bonds and money allocated to the Series 2017D Bonds in the Series 2017D 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 2017D Bonds 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 8. [Reserved].

9. *Assessments; Coverage Test*. The City Council has heretofore determined, and does hereby determine, to proceed with the 2017 Street Projects and special assessments with respect thereto under the provisions of the Charter of the City, rather than the provisions of Minnesota Statutes, Chapter 429, as amended.

(a) 2017 Street Projects. It is hereby determined that no less than twenty percent (20%) of the cost to the City of the 2017 Street Projects financed hereunder, shall be paid by a combination of federal grant funds and special assessments to be levied against every assessable lot, piece and parcel of land benefited by the 2017 Street Projects. The 2017 Street Projects shall be treated by the City as one improvement project. The City hereby covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each of the 2017 Street Projects financed hereunder unless the resolution ordering the 2017 Street Projects specifies a different time limit for the letting of construction contracts and will do and perform, as soon as they may be done, all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity, in any action or proceedings taken or to be taken by the City or this Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and this Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property. In addition, the City shall treat all of the 2017 Street Projects as a single improvement project for purposes of the City Charter and Minnesota law.

The special assessments for the 2017 Street Projects have not heretofore been authorized, and accordingly, for purposes of Section 475.55, Subdivision 3 of the Municipal Debt Act, the special assessments are hereby authorized. Subject to such adjustments as are required by conditions in existence at the time and in accordance with Minnesota law, the assessments are levied, the assessments are hereby authorized and it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at a rate per annum of 2.6075%. Additionally, each benefited parcel will be assessed a flat fee to cover the cost of administering the assessments, calculated by dividing the total costs of administering the assessments ($196,564) by the total number of benefited parcels being assessed. In addition to the specific improvement projects listed below, the Director, Office of Financial Services is hereby authorized to fund with remaining proceeds of the Series 2017D Bonds and the City shall take the necessary steps to levy assessments against benefited properties for any other 2017 Street Projects that meet the requirements set forth in this Section 9.

Improvement Designation	Federal Grant Funds	Assessed Amount	Levy Years	Collection Years
Idaho-Atlantic	$0	$1,064,169	2017-2036	2018-2037
Wheelock:- Victoria-Dale	$0	$507,913	2017-2036	2018-2037

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Jackson - 11th University	$2,637,000	$903,588	2017-2036	2018-2037

The special assessments and federal grant funds, or a combination thereof, for the 2017 Street Projects shall be such that if collected in full they, together with estimated collections of other revenues herein pledged for the payment of the Series 2017D Bonds (including the Tax (as defined below)), 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 2017D Bonds in every year. At the time the assessments for the 2017 Street Projects are in fact levied the City Council shall, based on the then-current estimated collections of the assessments, make any adjustments in the Tax (as defined below) required to be levied in order to assure that the City continues to be in compliance with Section 475.61, Subdivision 1 of the Municipal Debt Act.

The use of any federal grant funds for the 2017 Street Projects is hereby authorized. The City covenants to comply with the requirements of any grant agreement with the State of Minnesota or the United States Department of Transportation under which the federal grant funds for the 2017 Street Projects will be administered.

10. *Pledge of Tax Levy and Certain Accounts*. For the purpose of paying the principal of and interest on the Series 2017D Bonds and all other obligations due and owing to the Purchaser under the CCA in excess of amounts received from special assessments and federal grant funds, 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 2017D Debt Service Subaccount of the 2017 Debt Service Account above provided and shall be established by officials of the City after the award of the Series 2017D Bonds and determination of the interest rates on the Series 2017D Bonds. The Tax shall be initially levied and collected for the Series 2017D Bonds 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 Series 2017D Bonds because the Series 2017D Bonds bear interest at a variable rate. In addition, all amounts on deposit in the various funds and accounts created under this Resolution for the Series 2017D Bonds are hereby pledged to the payment of the principal of and interest on the Series 2017D Bonds and all other obligations due and owing to the Purchaser under the CCA.

11. *Appropriation*. The City covenants to pay debt service on the Series 2017D Bonds and any other obligations due and owing to the Purchaser under the CCA through the end of calendar year 2017 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 Series 2017D Bonds and any other obligations due and owing to the Purchaser under the CCA.

12. *Tax Levy; Coverage Test*. The Tax is such that if collected in full it, together with estimated collections of special assessments and other revenues herein pledged for the payment of the Series 2017D 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 2017D Bonds. The Tax shall be irrepealable so long as any of the Series 2017D Bonds are 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.

13. *General Obligation Pledge*. For the prompt and full payment of the principal of and interest on the Series 2017D Bonds, 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 2017 Debt Service Account is ever insufficient to pay all principal and interest then due on the Series 2017D 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 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 Series 2017D Bonds when a sufficient balance is available therein.

14. *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 Series 2017D Bonds have been entered in the County Auditor's Bond Register, and that the tax levy required by law has been made.

15. *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 2017D Bonds, certified copies of all proceedings and records of the City relating to the Series 2017D 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 2017D 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.

16. *Negative Covenants as to Use of Proceeds and 2017 Street Projects*. The City hereby covenants not to use the proceeds of the Series 2017D Bonds or to use the 2017 Street Projects, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the 2017 Street Projects, in such a manner as to cause the Series 2017D Bonds to be "private activity bonds" 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 Series 2017D Bonds that would cause them to be private activity bonds, and the average term of the Series 2017D Bonds is not longer than reasonably necessary for the governmental purpose of the issue. The City hereby covenants not to use the proceeds of the Series 2017D Bonds in such a manner as to cause the Series 2017D Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code.

17. *Tax-Exempt Status of the Series 2017D Bonds; 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 Series 2017D 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 2017D Bonds, 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 Series 2017D Bonds to finance the 2017 Street Projects.

If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Series 2017D Bonds, 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 Series 2017D Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

18. *No Designation of Qualified Tax-Exempt Obligations*. The Series 2017D Bonds, together with other obligations issued by the City in 2017, 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.

19. *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 Series 2017D Bonds by private negotiation to the Purchaser, all as provided by Section 475.60, Subdivision 2(9) of the Municipal Debt Act.

20. *No Official Statement*. The City has not prepared an offering document or other official

statement with respect to the Series 2017D Bonds.

21. *No Continuing Disclosure*. The sale of the Series 2017D Bonds 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 Series 2017D Bonds are being sold directly to the Purchaser. The City will be comply with the provisions of the financial reporting requirements of the CCA.

22. *Defeasance*. When the Series 2017D Bonds 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 Series 2017D Bonds 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 Series 2017D Bonds will remain in full force and effect until redemption. The City may discharge the Series 2017D Bonds which are 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 Series 2017D Bonds. If the Series 2017D Bonds 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.

23. *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.

24. *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.

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