



## Legislation Text

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**File #:** RES 12-539, **Version:** 2

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Supplementing the general resolution (cf 88-835) relating to sewer revenue bonds and providing for the issuance of sewer revenue bonds, Series 2012C; awarding the sale of the Series 2012C sewer bonds; and fixing the form and specifications of the series 2012C sewer bonds.

WHEREAS, the Director, Office of Financial Services, has presented proposals received for the sale of Sewer Revenue Bonds, Series 2012C (the "Series 2012C Bonds"), of the City of Saint Paul, Minnesota (the "City"); and

WHEREAS, the proposals for the purchase of the Series 2012C Bonds set forth on EXHIBIT C attached hereto were received pursuant to the Terms of Proposal at the offices of Springsted Incorporated, as financial advisor to the City, on the date hereof; and

WHEREAS, the Director, Office of Financial Services, has advised this Council that the proposal of the Purchaser (as defined herein) was found to be the most advantageous and has recommended that said proposal be accepted by the City; and

WHEREAS, the City Council gave its preliminary approval to the issuance of the Series 2012C Bonds by adopting CF No. 12-51 on January 11, 2012; and

WHEREAS, on May 24, 1988, the City Council of the City adopted Resolution No. 88-835, entitled "General Resolution Relating to Sewer Revenue Bonds" (the "General Resolution"); and

WHEREAS, the General Resolution contemplates Supplemental Resolutions which supplement or amend the General Resolution, including Supplemental Resolutions authorizing the issuance of additional series of bonds secured on a parity with the bonds initially issued pursuant to the General Resolution, which were the City's Sewer Revenue Bonds, Series 1988A (the "Series 1988A Bonds") and which are no longer outstanding; and

WHEREAS, it is necessary and desirable to adopt this resolution as a Supplemental Resolution to the General Resolution to provide for the issuance of the Series 2012C Bonds on a parity of lien with the City's outstanding (i) Sewer Revenue Bonds, Series 2004E (the "Series 2004E Bonds"), (ii) Sewer Revenue Bonds, Series 2006C (the "Series 2006C Bonds"), (iii) Sewer Revenue Bonds, Series 2008D (the "Series 2008D Bonds"), (iv) Sewer Revenue Bonds, Series 2009C (the "Series 2009C Bonds"), (v) Sewer Revenue Refunding Bonds, Series 2009I (the "Series 2009I Bonds"), (vi) Sewer Revenue Bonds, Series 2010D (the "Series 2010D Bonds"); and (vii) Sewer Revenue Bonds, Series 2011C (the "Series 2011C Bonds") which are the only bonds outstanding under the General Resolution; and

WHEREAS, the Series 2004E Bonds, the Series 2006C Bonds, the Series 2008D Bonds, the Series 2009C Bonds, the Series 2009I Bonds, the Series 2010D Bonds, and the Series 2011C Bonds (collectively with the Series 2012C Bonds, the "Parity Bonds") were issued by the City in order to finance rehabilitation projects to the City's sewer system, including major sewer repairs, tunnel repairs and stormwater quality improvements; and

WHEREAS, Sections 6.01(B) and (C) of the General Resolution provide for the issuance of parity lien bonds in part as follows:

“(B) Except as provided in Section 6.02, no additional revenue obligations (“Additional Bonds”) payable from the moneys in the Sewer Service Enterprise Fund on a parity of lien with the then outstanding Bonds shall be hereafter issued unless the annual Net Revenues of the Sewer System for each of the two (2) completed Fiscal Years immediately preceding the issuance of such Additional Bonds shall have been one and one-quarter (1.25) times the maximum annual principal and interest coming due thereafter on all Bonds (including the Additional Bonds) having a parity of lien upon Revenues. If the annual Net Revenues in either or both of the aforesaid two (2) completed Fiscal Years shall be insufficient to meet the foregoing test, then the City shall be entitled to adjust the Net Revenues for either or both of those Fiscal Years by increasing the Net Revenues based on a projection of additional Revenues which would have been available from any rate increase placed in effect prior to the adjustment, or from new users. The adjustment of Revenues may assume such increase would have been available for the entire Fiscal Year of adjustment. The projection for adjustment and finding of sufficiency of Net Revenues for the issuance of Additional Bonds shall be shown by a certificate issued by the Director, Department of Public Works, or the City Budget Director, or by an independent consulting engineering firm knowledgeable in such matters and shall be a finding of and recited in the resolution of the City authorizing such Additional Bonds. [Balance of (B) omitted].

“(C) In addition to the requirements of subsection (B) above, the following conditions shall be met prior to the issuance of each series of Additional Bonds:

(1) The payments required to be made (at the time of the issuance of such Additional Bonds) into the various Funds and Accounts provided for in this Resolution have been made.

(2) The proceeds of such Additional Bonds shall be used only for the purpose of making Improvements to the Sewer System or to refund (or advance refund) Bonds or any other bonds or obligations issued to finance the Sewer System, and capitalizing interest or making a deposit to the Reserve Fund and paying the costs of such financing.”; and

WHEREAS, Revenues of the Sewer System in the sixth use at section 4.03(A) of the General Resolution have been pledged (on a subordinate basis) to the payment of the following seven outstanding Notes of the City: (i) General Obligation Sewer Revenue Note of 1993; (ii) General Obligation Sewer Revenue Note of 1994; (iii) General Obligation Sewer Revenue Note of 1995; (iv) General Obligation Sewer Revenue Note of 1996; (v) General Obligation Sewer Revenue Note of 1997; (vi) General Obligation Sewer Revenue Note of 1999, and (vii) General Obligation Sewer Revenue Note of 2000 (collectively, the “General Obligation Notes”); and

WHEREAS, the Reserve Account will be funded for the Series 2012C Bonds by a deposit from proceeds of the Series 2012C Bonds as required by the General Resolution; and

WHEREAS, the City will deliver the Series 2012C Bonds in “book-entry form” as described in the General Resolution, and the City has heretofore executed a Blanket Issuer Letter of Representations (the “Letter of Representations”) setting forth various matters relating to The Depository Trust Company as Depository and its role with respect to the Series 2012C Bonds; and

WHEREAS, the Bond Registrar (as defined herein) shall maintain the registration books of the City as provided in paragraph 9; and

WHEREAS, pursuant to Minnesota Statutes, Section 475.60, Subdivision 2(9), public sale requirements do not apply to the Series 2012C Bonds, because the City has retained an independent financial advisor (Springsted Incorporated) and this Council has determined to sell the Series 2012C 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, Rule 15c2-12 of the Securities and Exchange Commission prohibits “participating underwriters” from purchasing or selling the Series 2012C Bonds unless the City undertakes to provide certain continuing disclosure with respect to the Series 2012C Bonds and the City will provide such continuing disclosure information; and

WHEREAS, proposals for the Series 2012C Bonds have been solicited by Springsted Incorporated, financial advisor to the City pursuant to an Official Statement (the “Official Statement”) and Terms of Proposal (the “Terms of Proposal”) therein.

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

1. Supplemental Resolution No. 10; Parity Bonds Findings; Capitalized Terms. This resolution is “Supplemental Resolution No. 10” to the General Resolution, and constitutes a “Supplemental Resolution” as defined therein. The Series 2012C Bonds are “Additional Bonds” which are “Fixed Rate Bonds” and “Tax-Exempt Bonds”, all as defined in the General Resolution. It is hereby found, determined and declared that (1) the Series 2012C Bonds are issued on a parity of lien with the Series 2004E Bonds, Series 2006C Bonds, Series 2008D Bonds, Series 2009C Bonds, Series 2009I Bonds, Series 2010D Bonds, and Series 2011C Bonds (the Parity Bonds) pursuant to Section 6.01(B) of the General Resolution to finance rehabilitation projects to the City’s sewer system, including major sewer repairs, tunnel repairs and stormwater quality improvements, and (2) the Series 2012C Bonds meet the requirements to be parity bonds, as further set forth in paragraph 31. Capitalized terms used in this resolution which are not defined herein but which are defined in the General Resolution shall have the meanings given such terms in the General Resolution.

2. Acceptance of Proposal. The proposal of Piper Jaffray & Co. (the “Purchaser”), on behalf of itself and a syndicate, to purchase the Sewer Revenue Bonds, Series 2012C, of the City (the “Series 2012C Bonds” or individually a “Series 2012C Bond”), in accordance with the Terms of Proposal for the bond sale, at the rates of interest set forth hereinafter, and to pay for the Series 2012C Bonds the sum of \$8,903,332.85 (the principal amount of the Series 2012C Bonds (\$8,815,000.00), plus an original issue premium in the amount of \$187,766.05, less the Purchaser’s discount of \$99,433.20), is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted for Series 2012C Bonds. The City retained the right to increase or reduce the principal amount of the Series 2012C Bonds from the proposed \$9,000,000, and the City has determined to reduce the principal amount of the Series 2012C Bonds to \$8,815,000. The Director, Office of Financial Services, or his designee, is directed to retain the deposit of the Purchaser and to forthwith return to the others making proposals their good faith checks or drafts. The Director, Office of Financial Services (or his designee), on behalf of the City, are directed to execute a purchase agreement with the Purchaser related to the Series 2012C Bonds.

3. Title; Original Issue Date; Denominations; Maturities. The Series 2012C Bonds shall be titled “Sewer Revenue Bonds, Series 2012C”, shall be dated April 2, 2012, as the date of original issue and shall be issued forthwith on or after such date as fully registered bonds. The Series 2012C Bonds shall be numbered from R-1 upward. The Series 2012C Bonds shall each be in the denomination of the entire principal amount maturing on a single date, or, if a portion of said principal amount is prepaid, said principal amount less the prepayment. The amount of Series 2012C Bonds authorized to be issued is the purchase price referenced in the Section 2. The Series 2012C Bonds shall mature on June 1 and December 1, which combination of semiannual principal payment dates differ from the standard December 1 date provided in Section 2.08 of the General Resolution but is permitted to be specified in this Supplemental Resolution No. 10, on the dates and in the amounts as set forth in EXHIBIT B hereto.

4. Purpose. The Series 2012C Bonds shall provide funds for (i) rehabilitation projects to the City’s

sewer system, including major sewer repairs, tunnel repairs and stormwater quality improvements (the "Improvements"), (ii) a deposit to the Reserve Account as required under the terms of the General Resolution, and (iii) the payment of costs of issuance of the Series 2012C Bonds.

5. Interest. The Series 2012C Bonds shall bear interest payable semiannually on June 1 and December 1 of each year as provided in Section 2.08 of the General Resolution (each, an "Interest Payment Date"), commencing December 1, 2012, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity dates as set forth in EXHIBIT B hereto.

6. Description of the Series 2012C Bonds. Upon their original issuance the Series 2012C Bonds will be issued in the form of a single Series 2012C Bond for each maturity, deposited with The Depository Trust Company or its agent as the Depository by the Purchaser.

7. Book-Entry System. The following shall override Section 2.12 of the General Resolution and shall apply to the Series 2012C Bonds.

(a) *Book-Entry System - The Depository Trust Company*. The Series 2012C Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Series 2012C Bond for each of the maturities of the Series 2012C Bonds. Upon initial issuance, the ownership of each Series 2012C 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 7, all of the outstanding Series 2012C 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 2012C 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 2012C Bonds as securities depository ("Participants") or to any other person on behalf of which a Participant holds an interest in the Series 2012C 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 2012C Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Series 2012C Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Series 2012C Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Series 2012C Bonds, of any amount with respect to principal of, premium, if any, or interest on the Series 2012C Bonds. The City, the Registrar, and the Paying Agent may treat and consider the person in whose name each Series 2012C Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series 2012C Bond for the purpose of payment of principal, premium, and interest with respect to such Series 2012C Bond, for the purpose of registering transfers with respect to such Series 2012C Bonds, and for all other purposes. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2012C 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 2012C Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Series 2012C Bond, as shown in the registration books kept by the Registrar, will receive a certificated Series 2012C 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 2012C Bonds and notices with respect to the Series 2012C Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Series 2012C 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 2012C Bonds that they be able to obtain Series 2012C Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Series 2012C Bond certificates. In such event the City will issue, transfer, and exchange Series 2012C 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 2012C 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 2012C 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 2012C 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 2012C Bonds and all notices with respect to the Series 2012C Bonds shall be made and given, respectively, in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

## 8. Redemption.

(a) Optional Redemption. The City may elect on June 1, 2020, and on any day thereafter, to prepay Series 2012C Bonds due on or after December 1, 2020. 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 2012C 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 2012C Bonds shall be at a price of par plus accrued interest to the redemption date.

(b) Scheduled Mandatory Redemption. Term Bonds maturing December 1, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2031, 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 in EXHIBIT B hereto.

(c) Due Date. The Series 2012C Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date.

(d) Notice. Mailed notice of 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 2012C 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 such Series 2012C Bonds at the office of the Bond 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 2012C Bonds to be redeemed, at the address appearing in the Bond Register. All notices of redemption shall state:

- (i) the redemption date;

(ii) the redemption price;

(iii) if less than all outstanding Series 2012C Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2012C Bonds to be redeemed;

(iv) that on the redemption date, the redemption price will become due and payable upon each such Series 2012C Bond, and that interest thereon shall cease to accrue from and after said date;

(v) the place where such Series 2012C Bonds are to be surrendered for payment of the redemption price (which shall be the office of the Bond 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 2012C 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.

(e) Notice to DTC. Notices to DTC or its nominee shall contain the CUSIP numbers of the Series 2012C Bonds. If there are any Holders of the Series 2012C Bonds other than DTC or its nominee, the Bond 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.

9. Bond Registrar. As provided in Section 2.03 of the General Resolution, the City Treasurer is appointed to act as bond registrar and transfer agent with respect to the Series 2012C Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed. A successor Bond Registrar shall be an officer of the City or a bank or trust company eligible for designation as Bond Registrar pursuant to the Municipal Debt Act and may be appointed pursuant to any contract the City and such successor Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as Paying Agent unless and until a successor Paying Agent is duly appointed. Principal of and interest on the Series 2012C Bonds shall be paid to the registered holder or holders of the Series 2012C Bonds (the "Holder" or "Holders") in the manner set forth in the form of the Series 2012C Bonds. The effect of registration and the rights and duties of the City and the Bond Registrar with respect thereto are as follows:

10. Form of Series 2012C Bonds. All of the provisions of the Series 2012C 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 2012C Bonds shall be issued in the form of registered bonds authorized pursuant to Section 7 hereof, as required by Sections 2.01, 2.14 and 2.17 of the General Resolution. The Series 2012C 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 each series of the Series 2012C Bonds, the stated maturities of the Series 2012C Bonds, the interest rates on the Series 2012C Bonds, the terms of redemption of the Series 2012C Bonds, and variation from City policies regarding methods of offering 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 2012C Bonds by the City shall be conclusive evidence of such determinations. Changes to the form of the Series 2012C Bonds may be approved by bond counsel and the City Attorney.

The City Treasurer is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Saint Paul, Minnesota, which shall be complete except as to dating thereof

and cause the opinion to accompany each Series 2012C Bond.

11. Execution. As provided in Section 2.04 of the General Resolution, the Series 2012C Bonds shall be executed on behalf of the City by the signatures of its Mayor, Clerk and Director, Office of Financial Services, provided that any of such signatures may be printed or photocopied facsimiles and the corporate seal may be omitted on the Series 2012C Bonds as permitted by law. In the event of disability or resignation or other absence of any such officer, the Series 2012C Bonds may be signed by the manual or facsimile signature of that officer who may act on behalf of such absent or disabled officer. In case any such officer whose signature or facsimile of whose signature shall appear on the Series 2012C Bonds shall cease to be such officer before the delivery of the Series 2012C 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.

12. Authentication; Date of Registration. As provided in Section 2.05 of the General Resolution, no Series 2012C 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 2012C Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Series 2012C Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Series 2012C Bond by execution of the Certificate of Authentication on the Series 2012C Bond and by inserting as the date of registration in the space provided the date on which the Series 2012C Bond is authenticated. For purposes of delivering the Series 2012C Bonds to the Purchaser, the Bond Registrar shall insert as the date of registration the date of original issue. The Certificate of Authentication so executed on each Series 2012C Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

13. Registration; Transfer; Exchange. As provided in Sections 2.06, 2.15 and 2.18 of the General Resolution, the City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Series 2012C Bonds and the registration of transfers of Series 2012C Bonds entitled to be registered or transferred as herein provided.

The registration, transfer and exchange of the Series 2012C Bonds shall be governed by Sections 2.06, 2.15 and 2.18 of the General Resolution.

14. Rights Upon Transfer or Exchange. As provided in Section 2.07 of the General Resolution, each Series 2012C Bond delivered upon transfer of or in exchange for or in lieu of any other Series 2012C Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2012C Bond.

15. Interest Payment; Record Date. As provided in Section 2.08 of the General Resolution, interest shall be paid on each Interest Payment Date by check or draft mailed to the Holders, and in each case at the address appearing thereon at the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior to the Special Record Date.

16. Holders; Treatment of Registered Owner; Consent of Holders. Section 2.09 of the General Resolution shall apply to the Series 2012C Bonds.

17. Delivery; Application of Proceeds. The Series 2012C 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.

18. Fund and Accounts. There has heretofore been created, by the General Resolution, a special fund of the City designated the "Sewer Service Enterprise Fund" (the "Fund"). The Fund shall continue to be operated as provided in the General Resolution, except as provided herein. The Fund shall be maintained as provided in the General Resolution, especially Article IV thereof, except as modified herein, and in the manner herein specified until all of the Series 2012C Bonds and the interest thereon have been fully paid.

(a) Construction Account. Into the Construction Account established by Section 4.02 of the General Resolution, specifically a separate subaccount established for the Series 2012C Bonds, shall be paid the proceeds from the sale of the Series 2012C Bonds, less (a) \$652,993.75 to be deposited in the Reserve Account, (b) \$0.00 of the premium and unused discount, and (c) accrued interest, if any, paid by the Purchaser upon delivery. From the Construction Account, specifically said separate subaccount, shall be paid or reimbursed all costs of the Improvements defined in paragraph 4 of this resolution, including legal, engineering, financing and other expenses incidental thereto. There shall also be paid from the Construction Account, specifically said separate subaccount, the costs of issuance of the Series 2012C Bonds. The provisions of Section 4.02 of the General Resolution apply as to transfers, excess moneys, deposits, earnings and Excess Earnings.

(b) Debt Service Account. Debt service on the Series 2012C Bonds shall be paid as provided in the General Resolution, and payments into the Revenue Bond Debt Service Account with respect to the Series 2012C Bonds shall commence in the month of April 2012. For purposes of the payment of principal, amounts scheduled for mandatory redemption shall be treated as maturities.

(c) Operating Reserve Subaccount. The City Council shall take appropriate action in maintaining the balance on hand in the Operating Reserve Subaccount at the Operating Reserve Requirement.

As provided in Section 5.02 of the General Resolution, no portion of the proceeds of the Series 2012C 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 2012C Bonds were issued, (2) as part of a reasonably required reserve or replacement fund not in excess of ten percent (10%) of the proceeds of the Series 2012C Bonds (or in a higher amount which the City establishes is necessary to the satisfaction of the Secretary of the Treasury of the United States), and (3) in addition to the above in an amount not greater than \$100,000. To this effect, any proceeds of the Series 2012C Bonds and any sums from time to time held in the Fund (or any other City account which will be used to pay principal or interest to become due on the Series 2012C 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", "minor portion" or reserve made available under the federal arbitrage regulations. In addition, the proceeds of the Series 2012C Bonds and money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Series 2012C Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (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.

19. Parity Bonds. To provide money for payment of the principal and interest on the Series 2012C Bonds, there is hereby pledged to the payment of the Series 2012C Bonds as "Additional Bonds" under the General Resolution all those items pledged to the payment of Series 2012C Bonds in the General Resolution.



The covenants made in Article V of the General Resolution shall apply to the Series 2012C Bonds, except that paragraph 30 shall control and override Section 5.05 of the General Resolution. As provided in Section 5.05 of the General Resolution, each and all of the terms and provisions of this resolution shall be and constitute a covenant on the part of the City to and with each and every Holder from time to time of the Series 2012C Bonds. Additional Bonds may be issued as provided in Article VI of the General Resolution. Suits by Bondholders, amendments and discharge shall be governed by Article VII of the General Resolution.

20. General Obligation Notes: Priority; Sufficiency Finding. The General Obligation Notes are hereby confirmed to have a priority of lien on Revenues subordinate to the priority of lien of the Series 2012C Bonds, specifically the priority derived from their pledge of Revenues in the sixth use at Section 4.03(A) of the General Resolution. Pursuant to paragraph 10 of each of the resolutions authorizing the General Obligation Notes, the Series 2012C Bonds shall have a lien on Revenues that is superior to the General Obligation Notes, specifically the priority derived from the pledge to the Series 2012C Bonds of Revenues in the first use at Section 4.03(A) of the General Resolution. As required by said paragraphs 18 and 10, the City Council hereby finds, determines and declares that estimated Revenues of the Sewer System will be sufficient, with other sources and used in the order of the General Resolution, for payment of the General Obligation Notes and the Series 2012C Bonds.

21. [Reserved.]

22. Funded Reserve Account. The Reserve Requirement for the Series 2012C Bonds shall be funded to the amount set forth in Section 18(a) of this Resolution. This amount shall be transferred to the Reserve Account from the proceeds of the Series 2012C Bonds as described in Section 18 hereof.

23. Records and Certificates. As provided in Section 7.05 of the General Resolution, 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 2012C Bonds, certified copies of all proceedings and records of the City relating to the Series 2012C 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 2012C 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.

All documents, certificates, and instruments relating to the issuance of the Series 2012C Bonds, including the forms of the Series 2012C Bonds may be executed and delivered by the Mayor, the City Clerk, and Director, Office of Financial Services, or their designees or executive assistants, or, in the case of the Mayor, the Assistant Mayor, as determined by Kennedy & Graven, Chartered, as bond counsel to the City, and the Office of the City Attorney.

24. Negative Covenants as to Use of Proceeds and Improvements. As provided in Section 5.03 of the General Resolution, the City hereby covenants not to use the proceeds of the Series 2012C Bonds or to use the Improvements financed with the proceeds of the Series 2012C Bonds, or to cause or permit them or any of them to be used, or to enter into any deferred payment arrangements for the cost of such improvements, in such a manner as to cause the Series 2012C 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 2012C Bonds that would cause them to be private activity bonds, and the average term of the Series 2012C 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 2012C Bonds in such a manner as to cause the Series 2012C Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code.

25. Tax-Exempt Status of the Series 2012C Bonds; Rebate; Elections. As provided in Section 5.04

of the General Resolution, 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 2012C 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 2012C 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 2012C Bonds.

If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Series 2012C Bonds, the Mayor, Clerk, 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 2012C Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

26. No Designation of Qualified Tax-Exempt Obligations. The Series 2012C Bonds, together with other obligations issued by the City in 2011, 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.

27. Letter of Representations. The Letter of Representations for the Series 2012C Bonds is hereby confirmed to be the Blanket Issuer Letter of Representations dated April 10, 1996, by the City and received and accepted by DTC. So long as DTC is the depository or it or its nominee is the Holder of any Series 2012C Bond, the City shall comply with the provisions of the Letter of Representations, as it may be amended or supplemented by the City from time to time with the agreement or consent of DTC.

28. Negotiated Sale. The City has retained Springsted Incorporated as an independent financial advisor, and this Council has heretofore determined, and does hereby determine, to sell the Series 2012C Bonds by private negotiation, all as provided by Minnesota Statutes, Section 475.60, Subdivision 2(9).

29. 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 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 and Kennedy & Graven, Chartered, as bond counsel to the City.

30. Override of General Resolution. As provided in paragraph 8, prepayment of Series 2008D Bonds other than an inverse order of maturity shall control over the provisions of the General Resolution.

The use of accrued interest, if any, on the Series 2012C Bonds shall be as provided in paragraph 18, notwithstanding Section 4.04(B)(1) of the General Resolution, and no interest is necessary to be capitalized for purposes of Section 4.04(B)(2) of the General Resolution.

Notwithstanding Section 5.05 of the General Resolution, the terms and provisions of this resolution shall be and constitute a covenant on the part of the City to and with only each and every Holder from time to time of the Series 2012C Bonds.

31. Parity Findings. It is hereby found, determined and declared that:

(a) The City does not have any outstanding bonds, warrants, certificates, or other obligations or evidences of indebtedness, or money borrowed for or on account of the Sewer System or indebtedness for which any of the Revenues of all or a part of the Sewer System have been pledged which are a prior lien on such Revenues, except the Series 2004E Bonds, Series 2006C Bonds, Series 2008D Bonds, Series 2009C Bonds, Series 2009I Bonds, Series 2010D Bonds, and Series 2011C Bonds.

(b) All payments required to be made prior to the date hereof into the various Funds and Accounts established by the General Resolution have been made.

(c) The proceeds of the Series 2012C Bonds shall be used only for the purpose of making Improvements to the Sewer System (as each of said terms is defined in the General Resolution).

(d) The annual Net Revenues of the Sewer System for each of the two (2) completed Fiscal Years immediately preceding of the issuance of the Series 2012C Bonds have been at least one and one-quarter (1.25) times, the maximum annual principal and interest coming due after December 1, 2012, on all Bonds (as defined in the General Resolution) having a parity of lien upon Revenues, including the Series 2012C Bonds proposed to be issued.

This City Council has been furnished with the Certificate of the Director, Department of Public Works, attesting to the fact that the issuance of the Series 2012C Bonds complies with the financial requirements of Article VI of the General Resolution relating to the issuance of Additional Bonds on a parity with prior senior lien bonds.

(e) This City Council, pursuant to advice from the Director, Department of Public Works, hereby finds, determines and declares that the estimated Revenues to be derived from the operation of the Sewer System during the term of the Series 2012C Bonds will be more than sufficient to provide Net Revenues adequate to pay principal and interest when due on the Series 2012C Bonds and on those other bonds which are now outstanding and to maintain the Reserve Account required therefor.

(f) The Series 2012C Bonds have June 1 and December 1 maturities (as shown on Exhibit B hereto) and have interest payments on June 1 and December 1, commencing December 1, 2012.

32. Official Statement. There have been submitted to this City Council the form of the Preliminary Official Statement, dated March 9, 2012. The use and distribution of the Preliminary Official Statement and of a final Official Statement (collectively, the "Official Statement") by the Purchaser in connection with the offer and sale of the Series 2012B Bonds is hereby approved. The Mayor, City Debt Manager, and Director, Office of Financial Services (or their proper designees) are authorized and directed to certify that they have examined 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.

33. Severability. As provided in Section 7.06 of the General Resolution, 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

34. Headings. As provided in Section 7.07 of the General Resolution, 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.