Legislation Text

File #: RES 17-391, **Version:** 1

Awarding the sale of General Obligation Capital Improvement Bonds, Series 2017A, in order to finance certain capital improvements in the City and taking other required actions including levying a tax for the Series 2017A Bonds.

WHEREAS, the City of Saint Paul, Minnesota, a home rule charter city and a political subdivision of the State of Minnesota (the "City"), is authorized by Laws of Minnesota for 1971, Chapter 773, as amended (the "Act"), and the provisions of Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), to issue capital notes, bonds or certificates of indebtedness in order to finance capital improvements in the City if such capital improvements are made in accordance with the requirements of the City Charter; and

WHEREAS, the City is proposing to issue its General Obligation Capital Improvement Bonds, Series 2017A (the "Series 2017A Bonds"), pursuant to the terms of the Act and the Municipal Debt Act; and

WHEREAS, the proceeds of the Series 2017A Bonds will finance the acquisition, construction and repair of various capital improvements in the City as identified in its duly adopted Capital Improvement Budget of the City; and

WHEREAS, upon recommendation of the Mayor and the advice of the Long Range Capital Improvement Budget Committee, the 2017 Capital Improvement Budget, heretofore adopted and amended by this Council provided that at least $11,000,000 is available for appropriation in 2017 to fund various capital improvement projects (the "2017 CIB Projects") in the approved 2017 Capital Improvement Budget; and

WHEREAS, the City is proposing to issue its Series 2017A Bonds, pursuant to the terms of the City Charter, the Act, and the Municipal Debt Act; and

WHEREAS, proceeds derived from the sale of the Series 2017A Bonds will be used by the City to (i) fund various capital improvement projects identified in the City's approved 2017 Capital Improvement Budget (the "2017 CIB Projects"); and (ii) pay costs of issuance relating to the Series 2017A Bonds; and

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

WHEREAS, pursuant to Minnesota Statutes, Section 475.60, Subdivision 2(9), public sale requirements do not apply to the Series 2017A Bonds, because the City has retained an independent municipal advisor (Springsted Incorporated) and this Council has determined to sell the Series 2017A 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 2017A 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 2017A Bonds unless the City undertakes to provide certain continuing disclosure with respect to the Series 2017A Bonds

and the City will provide such continuing disclosure information; and

WHEREAS, the proposals to purchase the Series 2017A 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:

Section 1. Sale of Series 2017A Bonds.

1.01. Purpose of the Series 2017A Bonds. The City is proposing to issue the Series 2017A Bonds, pursuant to the Act and the Municipal Debt Act, in the original aggregate principal amount not to exceed a par amount of $9,960,000, plus original issue premium of $1,150,299.65 for a total of $11,110,299.65, in order to (i) provide financing for the 2017 CIB Projects, and (ii) pay the costs of issuance relating to the Series 2017A Bonds.

1.02. Requirements of the Act and the Municipal Debt Act. The City has complied with the provisions of the Act and the City Charter regarding the approval of the 2017 Capital Improvement Budget and the 2017 CIB Projects. The proceeds of the Series 2017A Bonds shall be used for the purposes described in the Act and any excess money shall be devoted to any other purpose permitted by law. The total cost of the 2017 CIB Projects, which shall include all costs enumerated in Section 475.65 of the Municipal Debt Act, is estimated to be at least equal to the amount of the Series 2017A Bonds. Work on the 2017 CIB Projects shall proceed with due diligence to completion.

1.03. Award of the Series 2017A Bonds. The proposal of Northland Securities, Inc. (the “Purchaser”), on behalf of itself and a syndicate, to purchase the Series 2017A Bonds of the City described in the Terms of Proposal thereof is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Series 2017A Bonds at a price of $11,062,035.48 (the principal amount of the Series 2017A Bonds ($9,960,000.00), plus original issue premium of $1,150,299.65, less a Purchaser discount of $48,264.17), plus accrued interest to date of delivery, if any, for Series 2017A Bonds is as set forth in EXHIBIT B hereto. The amount of Series 2017A Bonds authorized to be issued is the purchase price referenced in this Section 1.03 all of which will be applied to (i) the implementation of the 2017 CIB Projects, (ii) a deposit to the Series 2017A Debt Service Fund (as defined herein) for the Series 2017A Bonds, and (iii) the payment of the costs of issuance of the Series 2017A Bonds. The City retained the right to increase or reduce the principal amount of the Series 2017A Bonds from the proposed $11,000,000, and the City has determined to reduce the principal amount of the Series 2017A Bonds to $9,960,000.

1.04. 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 2017A Bonds.

1.05. General Terms of the Series 2017A Bonds. The Series 2017A Bonds will be dated as of their date of issuance or shall be dated such other date as the City Treasurer may determine in denominations of $5,000 or any integral multiple thereof, and each series shall be numbered from R-1 upwards in order of issuance, or with such other numbering and in such other order as the City Treasurer may determine. The issuance, sale and delivery of the Series 2017A Bonds pursuant to the Act and the Municipal Debt Act is hereby approved by the City.

1.06. Redemption.

(a) Optional Redemption. The City may elect on March 1, 2025, and on any day thereafter, to prepay Series 2017A Bonds due on or after March 1, 2026. Optional redemptions of the Series 2017A Bonds 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 2017A 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 2017A 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 2017A Bonds to be Redeemed: Redemption Procedure. In the event any of the Series 2017A Bonds are called for redemption, notice thereof identifying the Series 2017A 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 2017A 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 2017A Bonds. Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2017A Bonds to be redeemed; (iv) that on the optional redemption date, the redemption price will become due and payable upon each such Series 2017A Bond, and that interest thereon shall cease to accrue from and after said date; (v) the place where such Series 2017A 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 2017A 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 2017A Bonds. If there are any Holders of the Series 2017A 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.

Section 2. Registration and Payment.

2.01. Registered Form. The Series 2017A Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Series 2017A Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Series 2017A Bond shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Series 2017A 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 2017A 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 2017A Bonds will be dated as of the date of original issue. The Series 2017A Bonds shall mature on such dates and in such principal amounts as indicated on EXHIBIT B attached hereto. The Series 2017A Bonds shall bear interest at the rates per annum as indicated on EXHIBIT B attached hereto and shall be payable on each March 1 and September 1, commencing on September 1, 2017, computed on the basis of a 360-day year of twelve thirty-day months. The interest on the Series 2017A 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.

2.03. Registrar. The City Treasurer is hereby appointed as the initial bond registrar and paying agent (the "Registrar" and the "Paying Agent") for the Series 2017A 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 2017A Bonds shall be paid to the registered holder or holders of the Series 2017A Bonds (the "Holder" or "Holders") in the manner set forth in the form of the Series 2017A 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 2017A Bonds and the registration of transfers and exchanges of the Series 2017A Bonds entitled to be registered, transferred, or exchanged.

(b) *Transfer of Series 2017A Bonds*. Upon surrender for transfer of a Series 2017A 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 2017A 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 (15^{TH}) day of the month preceding each interest payment date and until that interest payment date.

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

2.04. Execution, Authentication and Delivery. The Series 2017A Bonds shall be prepared under the direction of its Mayor, City Clerk and Director, Office of Financial Services, or their respective deputies, provided that all signatures may be printed, engraved, or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Series 2017A Bonds ceases to be such officer before the delivery of any Series 2017A Bond, that signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Series 2017A Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Series 2017A Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2017A Bonds need not be signed by the same representative. The executed certificate of authentication on a Series 2017A Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2017A Bonds have been so prepared, executed, and authenticated, the City shall deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

2.05. Temporary Series 2017A Bonds. The City may elect to deliver, in lieu of printed definitive

Series 2017A Bonds, one or more typewritten temporary Series 2017A Bonds in substantially the form set forth in EXHIBIT A with such changes as may be necessary to reflect more than one maturity in a single temporary bond. Upon the execution and delivery of definitive Series 2017A Bonds, the temporary Series 2017A Bonds shall be exchanged therefor and cancelled.

Section 3. Form of the Series 2017A Bonds.

3.01. Printing of Series 2017A Bonds. All of the provisions of the Series 2017A 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 2017A 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 2017A Bonds, the stated maturities of the Series 2017A Bonds, the interest rates on the Series 2017A Bonds, the terms of redemption of the Series 2017A 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 2017A Bonds with the manual or facsimile signatures of the Mayor, City Clerk and Director, Office of Financial Services, or their respective deputy, and the delivery of the Series 2017A Bonds by the City shall be conclusive evidence of such determination.

3.02. Approving Legal Opinion. 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 each Series 2017A Bond.

Section 4. Payment; Security; Pledges and Covenants.

4.01. Bond Funds.

(a) Series 2017A Debt Service Fund. The Series 2017A Bonds shall be payable from the General Obligation Capital Improvement Bonds, Series 2017A Debt Service Fund (the "Series 2017A Debt Service Fund") hereby created. The proceeds of the ad valorem taxes hereinafter levied as described in this Resolution, are hereby pledged to the Series 2017A Debt Service Fund. If a payment of principal or interest on the Series 2017A Bonds becomes due when there is not sufficient money in the Series 2017A Debt Service Fund to pay the same, the City Treasurer will pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for those advances out of the proceeds of the taxes levied by this Resolution, when collected.

(b) Series 2017A Project Fund. There is hereby created a special account to be designated as the "2017A Project Fund" (the "Series 2017A Project Fund"), to be held and administered by the City separate and apart from all other funds of the City. Amounts on deposit in the Project Fund will be used solely to defray expenses of the 2017 CIB Projects and pay cost of issuance of the Series 2017A Bonds. When the 2017 CIB Projects are completed and the costs thereof paid, the Series 2017A Project Fund is to be closed and any remaining balance therein transferred to the Series 2017A Debt Service Fund.

(c) Use of Proceeds. On the date of issuance of the Series 2017A Bonds, the City shall:

(i) appropriate to the Series 2017A Debt Service Fund: (i) capitalized interest, if any, to be financed from Series 2017A Bond proceeds, in the amount determined by the City Treasurer; (ii) any original issue premium of the Series 2017A Bonds determined by the City Treasurer to be deposited therein; (iii) the accrued interest, if any, paid by the Purchaser upon closing and delivery of the Series 2017A Bonds; and (iv) any amounts necessary to pay the interest due on the Series 2017A Bonds on September 1, 2017 and March 1, 2018; and

(ii) deposit to the Series 2017A Project Fund the proceeds of the Series 2017A Bonds, less the appropriations made in paragraph (c)(i) above, together with any other funds appropriated for the 2017 CIB Projects during the acquisition, construction, and installation of the 2017 CIB Projects to the Series 2017A Project Fund.

(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 2017A 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 2017A Bonds are 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 2017A Bonds and any sums from time to time held in the Series 2017A Debt Service Fund allocated to the Series 2017A Bonds (or any other City account which will be used to pay principal or interest to become due on the Series 2017A 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 2017A Bonds and money allocated to the Series 2017A Bonds in the Series 2017A 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 2017A Bonds to be deemed to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

(f) Other Accounts and Subaccounts. The City Treasurer is hereby authorized to create such accounts or subaccounts within the Series 2017A Project Fund and the Series 2017A Debt Service Fund (and accounts therein) to properly administer such funds and accounts and to assure compliance with the preceding paragraphs, and Section 6 hereof. Specifically, the City Treasurer may create separate accounts and subaccounts to hold and apply the proceeds of the Series 2017A Bonds and revenues for the payment thereof.

4.02. Filing of Resolution. The City Treasurer is authorized and directed to file a certified copy of this Resolution with the Auditor of Ramsey County (the "Auditor") (or the official of Ramsey County performing the functions of the Auditor) and to obtain the certificate required by Section 475.63 of the Municipal Debt Act, as amended.

4.03. Pledge of Tax Levy. For the purpose of paying the principal of and interest on the Series 2017A Bonds, 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 2017A Debt Service Fund above provided and shall be established by officials of the City after the award of the Series 2017A Bonds and determination of the interest rates on the Series 2017A Bonds. The Tax shall be levied and collected in the years and in the amounts as follows:

Levy Year	Collection Year	Amount

(See attached EXHIBIT C)

4.04. Overlevy Requirement. It is determined that the estimated collection of the foregoing Tax 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 2017A Bonds. The Tax so levied herein will be irrepealable until all of the Series 2017A Bonds are paid, provided that at the time the City makes its annual tax levies the City Clerk may certify to the Auditor (or the official of Ramsey County performing the functions of the Auditor) the amount available in the Series 2017A Debt Service Fund to pay principal and interest due during the ensuing year, and the Auditor will thereupon reduce the levy collectible during such year by the amount so certified.

4.05. General Obligation Pledge. If amounts on deposit in the Series 2017A Debt Service Fund are not sufficient to pay principal and interest on the Series 2017A Bonds, as the same 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 Series 2017A Debt Service Fund is ever insufficient to pay all principal and interest then due on the Series 2017A 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 Series 2017A Debt Service Fund when a sufficient balance is available therein.

Section 5. Authentication of Transcript.

5.01. Furnishing of Documents. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to Barnes & Thornburg LLP, as bond counsel to the City, certified copies of proceedings and records of the City relating to the Series 2017A Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Series 2017A Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Negotiated Sale. The City has retained Springsted Incorporated as an independent municipal advisor, and the City has heretofore determined, and hereby determines, to sell the Series 2017A Bonds by private negotiation, all as provided by Section 475.60, Subdivision 2(9) of the Municipal Debt Act.

5.03. Official Statement. There have been submitted to this City Council the form of the Preliminary Official Statement. 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 2017A Bonds is hereby approved. The Mayor, Director, Office of Financial Services, and Debt Manager (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 will 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 light of the circumstances under which they were made, not misleading.

Section 6. Tax Covenants.

6.01. Tax-Exempt Series 2017A Bonds. The City covenants and agrees with the holders from time to time of the Series 2017A Bonds that it will not take or permit to be taken by any of its officers, employees, or agents any action which would cause the interest on the Series 2017A Bonds to become includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Series 2017A Bonds.

6.02. Compliance with Code. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Series 2017A Bonds under Section 103 of the Code, including, without limitation, requirements relating to temporary periods for investments and limitations on gross proceeds invested at a yield greater than the yield on the Series 2017A Bonds.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Series 2017A Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Series 2017A Bonds to be deemed to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Series 2017A Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Series 2017A Bond for each of the maturities set forth on EXHIBIT B attached hereto. Upon initial issuance, the ownership of each Series 2017A 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, all of the outstanding Series 2017A Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Series 2017A 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 2017A Bonds as securities depository ("Participants") or to any other person on behalf of which a Participant holds an interest in the Series 2017A 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 2017A Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Series 2017A Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Series 2017A Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Series 2017A Bonds, of any amount with respect to principal of, premium, if any, or interest on the Series 2017A Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2017A Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Series 2017A Bond for the purpose of payment of principal, premium and interest with respect to such Series 2017A Bond, for the purpose of registering transfers with respect to such Series 2017A Bonds, and for all other purposes. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2017A 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 2017A Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Series 2017A Bond, as shown in the registration books kept by the Registrar, will receive a certificated Series 2017A 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.

7.03. 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 2017A Bonds and notices with respect to the Series 2017A Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Series 2017A Bonds shall agree to take all action 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.

7.04. 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 2017A Bonds that they be able to obtain Series 2017A Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Series 2017A Bond certificates. In such event the City will issue, transfer and exchange Series 2017A 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 2017A 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 2017A Bond certificates in accordance with this Resolution and the provisions hereof shall apply to the transfer, exchange and method of payment thereof.

7.05. Payments to DTC. Notwithstanding any other provision of this Resolution to the contrary, so long as a Series 2017A 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 2017A Bond and all notices with respect to the Series 2017A Bond shall be made and given, respectively, in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Defeasance. When all Series 2017A Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the holders of the Series 2017A 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 2017A Bonds will remain in full force and effect. The City may discharge all Series 2017A 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 2017A Bonds. If any Series 2017A Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

Section 9. No Designation of Qualified Tax Exempt Obligations. The Series 2017A 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.

Section 10. 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 Barnes & Thornburg LLP, as bond counsel to the City.

Section 11. Severability. If any section, paragraph, or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity, or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of this Resolution.

Section 12. 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.