

City of Falcon Heights
Regular Meeting of the City Council
City Hall
2077 W. Larpenteur Avenue

November 13, 1996
A G E N D A

- A. CALL TO ORDER: 7 p.m.
- B. ATTENDANCE: GEHRZ ___ GIBSON TALBOT ___ HUSTAD ___
JACOBS ___ KUETTEL ___ HOYT ___ ASLESON ___ ATTORNEY ___
ENGINEER ___
- C. COMMUNITY FORUM
- D. APPROVAL OF MINUTES: Minutes of October 23, 1996 will be
presented for approval at next council meeting
- E. PUBLIC HEARING: None
- F. CONSENT AGENDA:
 - 1. Disbursements
 - a. General disbursements through 11/8/96, \$43,043.80
 - b. Payroll, 10/16/96 to 10/31/96, \$10,070.52
 - 2. Licenses
 - 3. Scheduling of public hearing on delinquent utility payments
 - 4. Request to authorize an agreement for full disclosure services
with Springsted Public Finance Advisors
- G. POLICY AGENDA:
 - 1. Consideration of a resolution authorizing the award and payment
of \$1,645,000 General Obligation Tax Increment Bonds, Series
1996A
- H. INFORMATION AND ANNOUNCEMENTS:
- I. ADJOURN TO WORKSHOP

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 - 1. Disbursements **(Tab #1)**
 - a. General disbursements through 11/8/96, \$43,043.80
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 - 2. Licenses **(Tab #2)**
 - 3. Scheduling of public hearing on delinquent utility payments **(Tab #3)**
 - 4. Request to authorize an agreement for full disclosure services
with Springsted Public Finance Advisors **(Tab #4)**
- G. POLICY AGENDA:
 - 1. Consideration of a resolution authorizing the award and payment
of \$1,645,000 General Obligation Tax Increment Bonds, Series
1996A **(Tab #5)**
- H. INFORMATION AND ANNOUNCEMENTS:
- I. ADJOURN TO WORKSHOP

City of Falcon Heights
13 November 1996
7:00 PM after regular meeting
City Hall

WORKSHOP TOPICS

1. Shared facilities and services
 - a. U of M Intramural Sports Department request for use of Community Park
 - b. Update on EMS services
 - c. St. Paul Water Utility option of doing quarterly billing for city services

2. Community initiatives
 - a. Keeping Connected Directory
 - b. Volunteering at the State Fair
 - c. Proposed meetings with local businesses

3. Collaborative initiatives
 - a. MCAD
 - b. Teen Court
 - c. Tobacco Compliance Project request
 - d. Dispute Resolution Center request
 - e. Middle Mississippi River Watershed Management Organization (MMRWMO) joint powers agreement

4. Other items

CONSENT
Meeting Date: 11/13/96
Item: 1

ITEM DESCRIPTION: Disbursements

SUBMITTED BY: Joe Rigdon, City Accountant

EXPLANATION/SUMMARY:

- a. General disbursements through November 8, 1996, \$43,043.80.
- b. Payroll, 10/16/96 to 10/31/96, \$10,070.52

ACTION REQUESTED: Approval

APPROVAL OF BILLS
PERIOD ENDING: 11/13/96

CHECK#	VENDOR NAME	DESCRIPTION	DEPT.	AMOUNT
	LUCENT TECHNOLOGIES	MAINT. 10/26-11/25/96	CITY HAL	73.44
	AT&T WIRELESS SERVICES	PUBLIC WORKS PAGER 11/96	CITY HAL	13.50
	CARLA ASLESON	ELECTION MILEAGE	ELECTION	24.42
	CARLA ASLESON	ADMIN. MILEAGE	ADMINIST	5.58
	CARLA ASLESON	COPIES	ADMINIST	1.21
	*** TOTAL FOR CARLA ASLESON			31.21
	AMERICAN LINEN SUPPLY CO.	LINEN CLEANING	FIRE FIG	37.86
	AMERICAN LINEN SUPPLY CO.	LINEN CLEANING	FIRE FIG	45.70
	*** TOTAL FOR AMERICAN LINEN SUPPL			83.56
	AMERICAN OFFICE PRODUCTS	FLAG; PAPER; TABS	ADMINIST	50.29
	EARL F. ANDERSEN, INC.	SUPER SCOOP TOY-GROVE PK	PARKS CI	549.95
	BROWNING FERRIS IND.	11/96 REFUSE SERVICE	CITY HAL	138.76
	BOYER FORD TRUCKS, INC.	F250 ALIGNMENT, BALL JTS	STREETS	595.77
	BRINNORTHWESTERN	GLASS-TRAINING ROOM	FIRE FIG	112.35
	BRINNORTHWESTERN	GLASS-TRAINING ROOM	FIRE & R	112.35
	*** TOTAL FOR BRINNORTHWESTERN			224.70
	BRIGHTON EXCAVATING CO.	BOULEVARD DIRT	STREETS	440.91
	32684 CHAMPION AUTO STORES	FILTER & OIL	STREETS	19.43
		JD-2040 BATTERY	STREETS	43.73
		MOTOR OIL	STREETS	5.92
		SPARK PLUGS-SEWER JETTER	SANITARY	4.22
	*** TOTAL FOR CHAMPION AUTO STORES			73.30
	COLONIAL INSURANCE	BAUMANN 10/96 PREMIUM	FIRE FIG	29.65
	COLONIAL INSURANCE	IVERSON 10/96 PREMIUM	FIRE PRE	36.45
	*** TOTAL FOR COLONIAL INSURANCE			66.10
	DOCUMENT RESOURCES	1996 W2'S, 1099'S, ETC.	ADMINIST	48.75
	E-Z RECYCLING, INC.	10/96 RECYCLING	SOLID WA	2,500.44
	FOCUS NEWS	LEGAL NOTICE	LEGISLAT	15.77
	GCR MPLS TRUCK TIRE CTR	JD-2040 WHEEL SERVICE	PARK MAI	138.29
	GLENWOOD INGLEWOOD	15 GAL. WATER	CITY HAL	17.85
	GLENWOOD INGLEWOOD	11/96 COOLER RENTAL	CITY HAL	12.60
	*** TOTAL FOR GLENWOOD INGLEWOOD			30.45
	HENNEPIN TECH. COLLEGE	FIRE COURSES	FIRE FIG	331.90
	IVERSON, TERRY	10/96 MILEAGE	ADMINIST	2.40
	IVERSON, TERRY	10/96 MILEAGE	FIRE PRE	49.60

APPROVAL OF BILLS
PERIOD ENDING: 11/13/96

CHECK#	VENDOR NAME	DESCRIPTION	DEPT.	AMOUNT
	*** TOTAL FOR IVERSON, TERRY			52.08
	KNOX LUMBER CO.	ENCLOSE TRAIN ROOM INTLS	FIRE & R	809.07
	KURHAJETZ, CLEM	GENERATOR PLUGS	FIRE FIG	10.69
32688	LEAGUE OF MN CITIES	96 POLICY ADOPTION CONF.	ADMINIST	35.00
	LEAGUE OF MN CITIES	LMC DUES 1996-97	LEGISLAT	3,212.00
	*** TOTAL FOR LEAGUE OF MN CITIES			3,247.00
	LEONARD, STREET & DEINARD	LEGAL SVC TO 9/30/96	LEGAL	808.00
	MCI	LONG DISTANCE TO 10/10	CITY HAL	5.50
	M 75 BUILDING MAINTENANCE	10/96 CLEANING	CITY HAL	154.43
	MAIER STEWART & ASSOC.	9/1-9/28/96 ENGINEERING	LARPENTE	8,719.35
	MAIER STEWART & ASSOC.	9/1-9/28/96 ENGINEERING	ENGINEER	1,032.63
	*** TOTAL FOR MAIER STEWART & ASSO			9,751.98
	SHELLIE MARVIN	EMS CONF. EXPENSE	RESCUE S	236.96
	MIDWEST DELIVERY SERVICE	DELIVERIES	ADMINIST	10.75
	MINNESOTA CONWAY	RECHARGE EXTINGUISHER	FIRE FIG	80.00
32687	MN DEPARTMENT OF REVENUE	STATE WITHHELD 10/31/96	ADMINIST	632.68
	MN RECREATION/PARK ASSOC.	PARKS/PWRKS JOB AD	LEGISLAT	50.00
	MUSKA ELECTRIC CO.	RELAMP TENNIS CRT LIGHTS	PARK MAI	377.92
	NSP	10/96 ELECTRIC	EMERGENC	6.28
	NSP	10/96 ELECTRIC	PARK MAI	22.10
	NSP	8/96 & 9/96 GAS&ELECTRIC	PARK MAI	638.10
	NSP	10/96 ELECTRIC	PARK MAI	22.42
	NSP	10/96 ELECTRIC	SANITARY	15.98
	NSP	10/96 ELECTRIC	CITY HAL	617.04
	NSP	10/96 GAS	CITY HAL	126.23
	*** TOTAL FOR NSP			1,450.15
32686	NORTH STAR STATE BANK	FED WITHHELD 10/31/96	ADMINIST	3,290.35
	JUSTIN NOVAK	EMS CONF. EXPENSE	RESCUE S	236.96
	OFFICE MAX CREDIT PLAN	COLORLED PAPER	ADMINIST	54.47
	ON-SITE SANITATION	10/4 10/31/96 SANITATION	PARK MAI	60.63
	PERA	PERA WITHHELD 10/31/96	ADMINIST	1,100.96
32689	PANINO'S	ELECTION JUDGE DINNER	ELECTION	61.50
	PIPE SERVICES CORP.	SEWER CLEAN & TV INSPECT	SANITARY	6,120.20

APPROVAL OF BILLS
PERIOD ENDING: 11/13/96

CHECK#	VENDOR NAME	DESCRIPTION	DEPT.	AMOUNT
	ST. PAUL RAMSEY	RESCUE SUPPLIES	RESCUE S	167.27
	RAMSEY CLINIC ASSOCIATES	EMT COURSE	RESCUE S	178.00
	RAMSEY CLINIC	MEDICAL CHECK	FIRE FIG	33.00
	RAMSEY COUNTY	11/96 INSURANCE PREMIUMS	ADMINIST	2,555.61
	THOMAS REITAN	BUNKER BOOTS	FIRE FIG	88.66
	S & S TREE SPECIALISTS	IN TREE PRUNING	TREE PRO	343.68
	S & S TREE SPECIALISTS	IN TREE REMOVAL	TREE PRO	186.91
	*** TOTAL FOR S & S TREE SPECIALIS			532.59
	SAX ARTS & CRAFTS	CRAFT SUPPLIES	PARK PRO	16.76
	SUBURBAN HARDWARE	HOOKS & KEYS	FIRE FIG	6.26
	SUBURBAN HARDWARE	ROLLERS & BRUSHES-FENCE	CITY HAL	23.43
	SUBURBAN HARDWARE	PARK EQUIP. NUTS & BOLTS	PARK MAI	5.40
	*** TOTAL FOR SUBURBAN HARDWARE			37.05
	SUPER AMERICA	FUEL 10/3-10/17/96	RESCUE S	42.20
	SUPER AMERICA	FUEL 10/3-10/17/96	FIRE FIG	23.96
	SUPER AMERICA	FUEL 10/3-10/17/96	STREETS	34.05
	SUPER AMERICA	FUEL 10/3-10/17/96	PARK MAI	28.32
	SUPER AMERICA	FUEL 10/3-10/17/96	SANITARY	59.51
	*** TOTAL FOR SUPER AMERICA			188.84
	SYNOPTICS	TRAINING	ADMINIST	150.00
32690	TOYS R US	PLAYROOM EQUIPMENT	PARKS CI	255.55
	TAFF, SUSAN HOYT	EMPLOYEE EVENT	LEGISLAT	121.11
	TOLL GAS & WELDING SUPPLY	COMPRESSED AIR	FIRE FIG	42.16
	U.S. POSTMASTER	5000 32 CENT STAMPS	ADMINIST	1,600.00
	U.S. POSTMASTER	500 23 CENT STAMPS	ADMINIST	115.00
	*** TOTAL FOR U.S. POSTMASTER			1,715.00
32682	UNITED WAY	UNITED WAY T SHIRT	EMPLOYEE	7.75
32683	AIRTOUCH CELLULAR	9/96 CELLULAR PHONE	RESCUE S	14.57
	USWEST COMMUNICATIONS	10/96 PHONE	PARK & R	55.39
	USWEST COMMUNICATIONS	11/96 PHONE	FIRE FIG	59.91
	USWEST COMMUNICATIONS	11/96 PHONE	CITY HAL	356.66
	*** TOTAL FOR USWEST COMMUNICATION			471.36
32685	VINCENT WRIGHT	PARKS/PURKS CONSULTING	PARK & R	325.00
	ST. PAUL WATER UTILITY	10/96 WATER	CITY HAL	21.95

APPROVAL OF BILLS
 PERIOD ENDING: 11/13/96

CHECK#	VENDOR NAME	DESCRIPTION	DEPT.	AMOUNT
	ST. PAUL WATER UTILITY	10/96 WATER	PARK MAI	21.00
	*** TOTAL FOR ST. PAUL WATER UTILI			43.03
	BRENT KOSKELA	EMS CONF. EXPENSE	RESCUE S	191.36
	BRENT KOSKELA	FUEL FOR OPEN HOUSE	FIRE FIG	10.00
	*** TOTAL FOR BRENT KOSKELA			201.36
	BERNARDY, CONNIE LANNERS	11/15/96 MCAD SERVICES	MCAD	1,543.85
	RIGDON, JOE	10/96 BANK MILEAGE	FINANCE	15.50
	RIGDON, JOE	SEWER MILEAGE/PARKING	SANITARY	8.71
	*** TOTAL FOR RIGDON, JOE			24.21
	NATHANIEL HEROLD	EMS CONF. EXPENSE	RESCUE S	112.22
	DEBORAH GOODE	HALL RENTAL REFUND	-----	50.00
	BARB HAUPT	BASKETBALL REFUND	-----	14.00
	MN STATE FIRE CHIEFS ASSN	FAST PUBL. ED. POSTERS	FIRE PRE	75.00
	*** TOTAL FOR BANK 01			43,043.80
	*** GRAND TOTAL ***			43,043.80

PERIOD END DATE 10/31/96
SYSTEM DATE 10/31/96

FILE NOT UPDATED

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C H E C K R E G I S T E R

CHECK TYPE	CHECK DATE	EMPLOYEE NAME NUMBER	CHECK NUMBER	CHECK AMOUNT
COM	10 31 96	6 SUSAN GEHRZ	24724	284.56
COM	10 31 96	8 SAM JACOBS	24725	277.05
COM	10 31 96	10 JAN GIBSON TALBOT	24726	200.00
COM	10 31 96	11 JOHN HUSTAD	24727	277.05
COM	10 31 96	12 LAURA A. KUETTEL	24728	277.05
COM	10 31 96	30 NICHOLAS BAUMANN	24729	302.86
COM	10 31 96	34 CLEMENT KURHAJETZ	24730	12.70
COM	10 31 96	40 KEVIN ANDERSON	24731	64.06
COM	10 31 96	41 DAVID P. BIANCHI	24732	92.35
COM	10 31 96	42 MICHAEL D. CLARKIN	24733	55.41
COM	10 31 96	48 JOHN H. HOLMGREN	24734	64.06
COM	10 31 96	56 GREGORY S. PETERSON	24735	96.35
COM	10 31 96	59 GREGORY M. FULLER	24736	106.35
COM	10 31 96	62 BRYON A. SCHULTZ	24737	26.17
COM	10 31 96	1002 SUSAN HOYT TAFF	24738	1486.27
COM	10 31 96	1003 TERRY IVERSON	24739	1008.23
COM	10 31 96	1005 CAROL KRIEGLER	24740	714.23
COM	10 31 96	1007 PATRICIA PHILLIPS	24741	801.51
COM	10 31 96	1008 DELORIS SWENSON	24742	775.97
COM	10 31 96	1010 CARLA ASLESON	24743	928.09
COM	10 31 96	1012 JOSEPH M. RIGDON	24744	896.44
COM	10 31 96	1026 JASON CIERNIA	24745	33.25
COM	10 31 96	1031 LINDA TREEFUL	24746	222.10
COM	10 31 96	1033 DAVE TRETSVEN	24747	754.68
COM	10 31 96	1083 JAMES W. SNOWDEN	24748	131.59
COM	10 31 96	1084 CHRISTINE AMMANN	24749	54.02
COM	10 31 96	1123 ABRAHAM T. CYR	24750	36.01
COM	10 31 96	1130 JAYME K. NELSON	24751	35.55
COM	10 31 96	1131 JEFFREY W. STELMACH	24752	56.56
****TOTALS****				10070.52

CONSENT
Meeting Date: 11/6/96

Item: 2

ITEM DESCRIPTION: Licenses

SUBMITTED BY: Dee Swenson

CORPORATE

*My Turn! #3407

MECHANICAL

All Season Comfort, Inc. #3408

Dependable Indoor Air Quality, Inc. #3409

CHRISTMAS TREE SALES

Conklin Tree Farms #3410

*Denote new business

ACTION REQUESTED: Approve

CONSENT
Meeting Date: 11/13/96
ITEM: 3

ITEM DESCRIPTION: Scheduling of public hearing on delinquent utility payments

SUBMITTED BY: Joe Rigdon, City Accountant

EXPLANATION/SUMMARY: In December of each year, the city assesses property owners who are delinquent in payment of their utility bills. By assessing the delinquent amount to the property tax rolls, the city can collect the fees to cover sewer and recycling costs that it incurs throughout the year.

It is necessary to hold a public hearing prior to requiring the county to assess the delinquent amount. Staff recommends holding the public hearing on December 11, as the information must go to the county by the end of December. Property owners will be notified of their delinquency prior to the public hearing.

ACTION REQUESTED: Schedule a public hearing on delinquent utility assessments on Wednesday, December 11, 1996, to begin on or after 7:00 p.m.

CONSENT
11/13/96
Item: 4

ITEM: Request to authorize an agreement for full disclosure services with Springsted Public Finance Advisors

SUBMITTED BY: Susan Hoyt, City Administrator

EXPLANATION/DESCRIPTION:

The city is obligating itself to meet federal full disclosure requirements as part of the sale of the 1996 Series A General Obligation Bonds. At the October 9, 1996 council meeting, it was determined that this annual reporting requirement, which has serious implications if it is not met, would be handled best by an outside financial firm. Staff contacted both the city's auditor, Kern DeWenter and Viere and Springsted about the cost of providing this service. At this time the city's auditor is not providing this service. This leaves the city with Springsted to carry out this responsibility at a cost of \$1,300 per year. If in the future the city finds that the auditor can provide this service more cost-effectively as part of the annual financial report, the city may terminate this agreement with a 30 day notice.

GOAL 4: Strategy 7: Effectively manage the city's resources

ATTACHMENTS:

- 1- Summary of continuing disclosure requirements
- 2 - Proposed agreement for services

ACTION REQUESTED:

Authorize the mayor to execute the agreement for services for continuing disclosure with Springsted Public Finance Advisors for \$1,300 per year.

CONTINUING DISCLOSURE REQUIREMENTS

Following are the fundamental ideas of the Continuing Disclosure requirements set forth by the Securities Exchange Commission under SEC regulation 15(c)2-12. This material is not meant to be definitive set of instructions, but merely a helpful guide to understanding the topic.

Background

The Securities Acts of 1933 and 1934 exempted most municipal securities from registration with and regulation by the Securities Exchange Commission (the "SEC"). Antifraud provisions of those Acts are not exempted however, and the SEC is using those provisions to ensure there is full and accurate information available to the holders of municipal bonds. The Municipal Securities Rulemaking Board (the "MSRB") was established in the 1970's and has set standards for "Official Statements" and other disclosure documents to assist issuers and underwriters in the preparation of adequate disclosure documents.

Effective January 1, 1990, the SEC promulgated Rule 15c2-12(b)(5) ("the Rule") which requires underwriters of municipal securities to make a professional review of the Official Statement prepared for the offering before making a recommendation to an investor to purchase. The Rule thus requires issuers to prepare Official Statements and make them available to underwriters prior to soliciting bids and to provide a reasonable number of "final" Official Statements to investors.

In 1995 the Rule was amended to also require issuers of municipal securities to continue to update the information in the final official statement throughout the life of the issue. The amended Rule makes it unlawful for an underwriter to participate in the primary offering of municipal securities unless, prior to submitting a bid or entering into a contract to purchase the securities, it has reasonably determined that the issuer or an obligated person has undertaken in writing (the "Undertaking"), for the benefit of the holders, to provide continuing disclosure information to specific repositories. The Rule is issue specific, meaning that each offering is viewed as a separate obligation of the issuer. There are some exceptions to these requirements.

Exemptions From The Rule

There are two exemptions that completely exempt an issue from any continuing disclosure requirements of the Rule:

- A. If the issue amount is less than \$1,000,000. Breaking up an offering into multiple issues of the same class and purpose of less than \$1 million is prohibited and the aggregate amount will be controlling.
- B. If the bonds are issued in minimum denominations of \$100,000 and are sold in limited private placements or mature in less than nine months or are subject to optional tender to the issuer at least as frequently as nine months.

There are two partial conditional exemptions that are also available:

- A. If an issue has a stated maturity of 18 months or less, the requirements for an annual report of financial information and operating data are not required. The issuer must still undertake in an agreement enforceable by the holders to provide timely notice of any occurrence of certain specified material events.

- B. If each obligated person with respect to the issue has less than \$10,000,000 of municipal securities outstanding, including the proposed issue, as to which it is an obligated person, the financial information and operating data requirements are generally limited to information which is customarily prepared by the obligated person and available to the public. Notice of any occurrence of certain specified material events is also required. The issuer must in the final official statement identify by name, address and telephone number from whom the information may be obtained, if not from the issuer itself.

Obligated Persons

An obligated person is any "person" who is committed by contract or other arrangement to support all or a portion of the debt payments. This could be an enterprise fund, another governmental unit, or a private party. The issuer may not necessarily be an obligated person, such as with a conduit financing for a 501(c)(3) corporation or an industrial development bond. Each obligated person is responsible for its obligations under the Rule. The final official statement will identify who is deemed a material obligated person. The issuer has some potential liability if the obligated person does not perform as pledged in the Undertaking. If there is a history of persistent and material breaches of undertakings, they may preclude underwriters from being able to rely on the issuer's Undertaking for a future issue, therefore precluding underwriters from purchasing the issue. This is an area of the new Rule that will be closely watched and hopefully clarified as examples of noncompliance unfold.

Continuing Disclosure Commitment

To facilitate compliance with the Rule, except for the exceptions listed above, each offering will require the issuer to undertake to provide continuing disclosure throughout the term of the issue. In order for the underwriter to be assured the issuer will comply with the Rule, the Notice of Sale (if a public sale) will include a statement of intent to undertake or a statement of exemption from the Rule. If the sale is negotiated the Purchase Agreement will contain the language. The preliminary and final official statements will describe the terms and details of the Undertaking. The issuer will furnish the purchaser a copy of the Undertaking at closing setting forth its details and terms, and that such Undertaking is a condition of closing. This Undertaking can be a separate document or can be incorporated into the resolution awarding the issue. If there have been past compliance failures, the official statement must specify each instance.

There are two parts to the disclosure process. The first is the Annual Report, which includes updated financial and operating data with respect to the issuer or other obligated persons, provided at least annually, including audited financial statements prepared in accordance with a specified standard (GAAP etc.). Information provided in the final official statement that has been specifically deemed material must be updated annually. The Undertaking will specify a time each year by when the information will be provided. The Annual Report must be filed with each of the Nationally Recognized Municipal Securities Information Repositories ("NRMSIR"), of which there are currently six, and the State Depository, if there is one.

"Significant Events" has been a concern of many issuers because of the uncertainty of interpretation as to materiality. The SEC has clarified this by listing eleven material events ("Significant Events") which must be considered with every issue.

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

85 E. SEVENTH PLACE, SUITE 100
SAINT PAUL, MN 55101-2143
612-223-3000 FAX: 612-223-3002

SPRINGSTED
Public Finance Advisors



AGREEMENT FOR CONTINUING DISCLOSURE AND/OR ARBITRAGE AND REBATE MONITORING

THIS AGREEMENT is made as of the _____ day of _____, 199____, by and between the City of Falcon Heights, ("Client") and Springsted Incorporated ("Advisor").

WHEREAS, the Client wishes to retain the services of the Advisor on the terms and conditions set forth herein, and the Advisor wishes to provide such services:

NOW, THEREFORE, the parties hereto agree as follows:

1. Services. Advisor shall provide financial advisory services to the Client with respect to continuing disclosure and/or arbitrage rebate monitoring services as identified in the Addendum(s) attached hereto.
2. Compensation. The Client shall compensate the Advisor in the amount of \$250, payable upon execution of this Agreement, and at the rates set forth in Addendum(s) attached hereto for services to be provided by Advisor. The rates set out within the Addendum(s) shall be effective for twelve months from the effective date of each Addendum. Thereafter, the Advisor's compensation can be adjusted to then current rates charged other similar clients upon sixty days written notice from Advisor to Client of the rate adjustment.
3. Term and Termination. This Agreement shall commence as of the date hereof, and shall continue until terminated by either party by written notice given at least thirty days before the effective date of such termination, provided that no such termination shall affect or terminate the rights and obligations of each of the parties hereto with respect to any project, whether or not complete, for which the Advisor has provided services prior to the date that such notice was given.
4. Indemnification; Sole Remedy. The Client and the Advisor each hereby agree to indemnify and hold the other harmless from and against any and all losses, claims, damages, expenses, including without limitation, reasonable attorneys' fees, costs, liabilities, demands and cause of action (collectively referred to herein as "Damages") which the other may suffer or be subjected to as a consequence of any act, error or omission of the indemnifying party in connection with the performance or nonperformance of its obligations hereunder, less any payment for damages made to the indemnified party by a third party. Notwithstanding the foregoing, no party hereto shall be liable to the other for Damages suffered by the other to the extent that those Damages are the consequence of: (a) events or conditions beyond the control of the indemnifying party, including without limitation changes in economic conditions; (b)

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax exempt status of the issue;
7. Modification of rights of bondholders;
8. Bond Calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the bonds; and
11. Rating changes.

In addition, the failure of the issuer to provide the annual report disclosure information at the time specified is also an event requiring disclosure.

Whenever the issuer obtains knowledge of the occurrence of a Significant Event, the issuer shall as soon as possible determine under applicable legal standards if such event would constitute material information for holders of the bonds. Items (8), (9) and (11) will always be deemed to be material.

If the issuer determines that knowledge of the occurrence of a Significant Event would be material, notice must be provided to the MSRB and the State Depository, if any.

Failure to Comply With the Undertaking

The SEC has initiated the Rule under the anti-fraud provisions of the Securities Acts of 1933 and 1934.

The emphasis on enforcing compliance falls on the underwriters who trade the securities, both in the primary market and the secondary market. If the underwriter cannot be assured that the issuer will comply in the future, based on historical experience, they may not bid on the new issue or buy or sell the issuer's securities in the secondary market. A holder of a bond in the secondary market may find it difficult or costly to sell the security if no current information is available since the underwriter cannot assure the adequacy of the information necessary to recommend purchase of the security. The Undertaking specifies that the bondholders can sue for compliance, and possibly monetary damages.

The rating agencies have also stated that failure to comply may cause the rating on the bonds to be dropped or lowered.

ADDENDUM A OF AGREEMENT BETWEEN

City of Falcon Heights, Minnesota

AND

Springsted Incorporated

Effective as of _____, 199__.

CONTINUING DISCLOSURE SERVICES

\$1,645,000

General Obligation Tax Increment Bonds, Series 1996A

Client has or will execute a Continuing Disclosure Undertaking in accordance with SEC Rule 15c2-12(b)(5), or any successor Rules, in connection with the issuance of each Client debt obligation listed above in which Client has agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. Capitalized terms not defined in this Addendum or the Agreement shall have the same meaning ascribed to them in SEC Rule 15c2-12(b)(5).

Client wishes to retain the services of the Advisor to assist with the obligations set forth in the Continuing Disclosure Undertaking and Advisor wishes to provide such services as set forth below.

- I. A. Compile an Annual Report according to the Continuing Disclosure Undertaking (the "Undertaking") executed by Client pursuant to SEC Rule 15c2-12(b)(5) for the Debt Obligation(s) listed above for submission by Client to all Nationally Recognized Municipal Securities Information Repositories (NRMSIR), the State Information Depository (SID), if one is designated, and to the Municipal Securities Rulemaking Board (MSRB), if required, prior to the Annual Report Date as defined in the respective Undertaking for each Debt Obligation listed above. The Annual Report shall include:
 1. An annual audited Financial Statement to be prepared by Client's accountants.
 2. Updates of the operating and financial data included in the Official Statement, as outlined for continuing disclosure in the Undertaking incorporated in the Official Statement.
- B. Monitor through periodic requests for information relating to incidents of and assist in the disclosure of Significant Events listed in the Undertaking. These include:
 1. Principal and interest payment delinquencies;
 2. Non-payment related defaults;
 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
 6. Adverse tax opinions or events affecting the tax-exempt status of the security;
 7. Modifications to rights of security holders;
 8. Bond calls;
 9. Defeasances;
 10. Release, substitution, or sale of property securing repayment of the securities;
 11. Rating changes.
- C. Assist Client in the dissemination of the Annual Report and any Significant Events that must be reported to the various repositories.
- D. Advisor will furnish a notification of compliance with the Continuing Disclosure requirements within 30 days after submission of the Annual Report.
- II. Client agrees to provide the Advisor with accurate information with respect to compiling the Annual Report in a timely manner and to fully disclose to Advisor any Significant Events as they occur.
- III. For its services, as specified in I. above, Advisor shall be compensated in the amount of \$200 annually for each Debt Obligation covered by the Addendum.

An Annual Report must be filed for each covered Debt Obligation outstanding. In a reporting period in which Client does not issue debt which produces an Official Statement that can be used as the Annual Report for a particular type of covered Debt Obligation outstanding (i.e., general obligation, revenue, utility, housing, etc.), an additional fee of \$1,300 per type of debt will be charged for preparation of the Annual Report required to comply with the Continuing Disclosure Undertaking for that type of covered Debt Obligation.

Client shall be responsible for county auditor certification fees, if required, and any legal fees incurred regarding compliance or interpretation of Significant Events or filing of the Annual Report.

This Addendum shall continue for the term of each Debt Obligation or until such time as either Client or Advisor terminates it by not less than 30 days written notice to the other party. Advisor shall be relieved of all liability with respect to its obligations hereunder if any information required to be submitted to Advisor hereunder is not timely submitted to Advisor.

In the event at Client's request Advisor performs services described in this Addendum reasonably understood by Advisor to be performed pursuant to the Addendum after signing by Advisor, but before signing by Client, such services shall be subject to the provisions of the Addendum as if the Addendum had been signed by both parties.

Signed as of _____, 19____, the effective date of the Addendum.

FOR CLIENT

SPRINGSTED Incorporated

Robert D. Thistle
Project Manager

Title

POLICY
11/13/96
Item: 1

ITEM: Consideration of a resolution authorizing the award and payment of
\$1,645,000 General Obligation Tax Increment Bonds, Series 1996A

SUBMITTED BY: Susan Hoyt, City Administrator

REVIEWED BY: Richard Martin, Bond Counsel, Leonard Street and Deinard
Robert Thistle, Springsted Public Finance Advisors

EXPLANATION/DESCRIPTION:

On October 9, 1996 the city authorized the sale of \$1,645,000 in general obligation tax increment bonds for the Larpenteur Avenue project. Proposals are being received at 11:30 AM on November 13, 1996. The city retained its A 1 bond rating.

GOAL 2: To maintain and promote the assets of the city's unique neighborhoods;

STRATEGY 5: Enhance the physical land use characteristics of the community

GOAL 4: To provide a responsive and effective city government;

STRATEGY 7: to effectively manage the city's financial resources

ATTACHMENTS:

- 1- Official Statement
- 2 - Resolution prescribing the form and details and providing for the payment of \$1,645,000 in General Obligation Tax Increment Bonds, Series 1996 A

ACTION REQUESTED:

Award the sale of \$1,645,000 General Obligation Tax Increment Bonds Series 1996A.

LS&D Draft: 11/5/96

(Changes in progress)

**CERTIFICATION OF MINUTES RELATING TO
\$1,645,000 GENERAL OBLIGATION
TAX INCREMENT BONDS, SERIES 1996A**

Issuer: City of Falcon Heights, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held November 13, 1996, at _____ o'clock P.M., at the City Hall in Falcon Heights, Minnesota.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. _____

RESOLUTION PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$1,645,000 GENERAL OBLIGATION TAX INCREMENT BONDS, SERIES 1996A

I, the undersigned, being the duly qualified and acting recording officer of the municipality issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said municipality in my legal custody, from which they have been transcribed; that said documents are a correct and complete manuscript of the minutes of a meeting of the governing body of said municipality, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this ____ day of November, 1996.

Council member
Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$1,645,000 GENERAL OBLIGATION TAX INCREMENT BONDS, SERIES 1996A

BE IT RESOLVED by the City Council of the City of Falcon Heights, Minnesota (the "Issuer"), as follows:

Section 1. Authorization and Sale.

1.01 Tax Increment Financing Authorization. Pursuant to the Minnesota Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 through 469.179, inclusive and as amended (the "TIF Act"), the Issuer has established Tax Increment Financing District No. 1 within Development District No. 2, and Tax Increment Financing District No. 2 within Development District No. 1, and has amended the Development Programs and Tax Increment Financing Plans as of January 24, 1996. The Tax Increment Financing Plans provide for the issuance of bonds or other obligations by the Issuer pursuant to Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475 to provide funds for application as set forth in the Tax Increment Financing Plans.

1.02 Financing. Pursuant to Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475, a municipality may issue general obligation bonds payable from tax increments to finance all or a portion of tax increment eligible expenditures. The Issuer has determined to issue its bonds in the principal amount of \$1,645,000 on the terms provided for in this Resolution to finance a portion of the expenditures specified in the Tax Increment Financing Plans.

1.03 Negotiated Sale. The Issuer has retained Springsted Incorporated, St. Paul, Minnesota, as its financial advisor in connection with the issuance of the bonds described in Section 1.02. The Issuer has delegated to Springsted Incorporated the authority to solicit offers to purchase the bonds and to negotiate the terms of the bonds with the purchaser submitting the best bid as determined by Springsted Incorporated. _____ (the "Purchaser") has submitted to Springsted Incorporated its offer for the proposed terms for the sale of the Issuer's \$1,645,000 General Obligation Tax Increment Bonds, Series 1996A (the "Bonds"), including the principal amount to mature in each year, the interest rate(s) to be borne by each maturity, the redemption features to apply to the Bonds, and other terms and conditions as specified herein, which offer has been determined by Springsted Incorporated to be the best offer and is hereby accepted.

1.05 Award. The sale of the Bonds is hereby awarded to the Purchaser on the terms specified herein. The Mayor and the City Administrator of the Issuer are hereby authorized and

directed to execute a contract on behalf of the Issuer for the sale of the Bonds in accordance with the terms specified herein.

Section 2. Bond Terms; Registration; Execution and Delivery.

2.01. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the City Council of the Issuer to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates and Denominations. The Bonds shall be originally dated as of December 1, 1996, shall be in the denomination of \$5,000 each, or any integral multiple thereof, shall mature on February 1 in the respective years and principal amounts stated below, and shall bear interest from date of issue until paid at the respective annual rates set forth opposite such years and amounts, as follows:

<u>December 1 of the Year</u>	<u>Amount</u>	<u>Rate</u>	<u>December 1 of the Year</u>	<u>Amount</u>	<u>Rate</u>
1999	\$70,000	____%	2006	\$155,000	____%
2000	75,000	____%	2007	165,000	____%
2001	70,000	____%	2008	170,000	____%
2002	80,000	____%	2009	180,000	____%
2003	85,000	____%	2010	190,000	____%
2004	100,000	____%	2011	200,000	____%
2005	105,000	____%			

2.03. Book Entry System. The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

2.04. Dates and Interest Payment Dates. Upon the initial delivery of the Bonds pursuant to Section 2.08, and upon any subsequent transfer or exchange pursuant to Section 2.07, the date of

authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on each February 1 and August 1, commencing August 1, 1997, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.05. Redemption. The Bonds maturing on or after February 1, 2007 are subject to redemption at the option of the Issuer on or after February 1, 2006 in whole or in part on any date at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption. If optional redemption occurs in part, such redemption shall be in such order of maturity as the Issuer shall determine, and the Issuer will notify DTC 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. Notice of such redemption shall be given not less than thirty (30) days prior to the date of redemption by written notice delivered by first class mail, postage prepaid, to the addresses of the holders of the Bonds as shown on the books of the Registrar.

2.06. Appointment of Initial Registrar. The Issuer hereby appoints _____, in _____, Minnesota, as the initial bond registrar, transfer agent and paying agent (the "Registrar"). The Mayor and the City Administrator are authorized to execute and deliver, on behalf of the Issuer, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The Issuer agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Issuer reserves the right to remove the Registrar upon thirty (30) days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

2.07. Registration. The effect of registration and the rights and duties of the Issuer and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver; in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar

may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Issuer.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such 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 Issuer and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to any registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

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

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the Issuer and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Issuer. If the

mutilated, destroyed, stolen or lost Bond has already matured in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

2.08. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the Issuer by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. Notwithstanding such execution, no Bond shall 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 Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the Finance Director shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

[Remainder of page intentionally left blank.]

2.09. Form of Bonds. The Bonds shall be printed in substantially the following form:

[Face of the Bonds]

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF RAMSEY
CITY OF FALCON HEIGHTS

GENERAL OBLIGATION TAX INCREMENT
BOND, SERIES 1996A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		December 1, 1996	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Falcon Heights, County of Ramsey, State of Minnesota (the Issuer), acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable on February 1 and August 1 in each year, commencing August 1, 1997, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by _____ in _____, Minnesota, as Bond Registrar and Paying Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith, credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$1,645,000 all of like date and tenor, except as to maturity date, interest rate, redemption date and denomination, issued, pursuant to a resolution adopted by the City Council of the Issuer on November 13, 1996 (the Resolution), to finance certain eligible costs specified in Tax Increment Financing Plans for Tax Increment Districts Nos. 1 and 2 located within Development Districts 2 and 1, respectively within the boundaries of the Issuer, and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 469.178 and Chapter 475. The costs to be paid from the proceeds of the Bonds include, but are not necessarily limited to, all or a portion, the costs of certain public street scaping improvements, road reconstruction, upgrading of utilities and installation of storm sewers (the "Improvements") within the Tax Increment Districts established by the Issuer pursuant to the Minnesota Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 through 469.179, inclusive (the "TIF Act"). Debt service on the Bonds is expected to be paid from tax increments derived from the Tax Increment Districts, but such arrangement shall not relieve the Issuer of its obligations pursuant to its pledge of its full faith and credit and taxing powers to secure the payment of the Bonds.

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

The Bonds maturing on or after February 1, 2007 are subject to redemption at the option of the Issuer on or after February 1, 2006 in whole or in part on any date at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption. If optional redemption occurs in part, such redemption shall be in such order of maturity as the Issuer shall determine and the Issuer will notify DTC 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. Notice of such redemption shall be given not less than thirty (30) days prior to the date of redemption by written notice delivered by first class mail, postage prepaid, to the addresses of the holders of the Bonds as shown on the books of the Registrar.

The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.*

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Issuer at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the Issuer will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The Issuer and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the Issuer nor the Bond Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; that the Bonds are payable from a separate debt redemption fund of the Issuer, and from tax increments derived from the Tax Increment Financing Districts and certain other funds which have been appropriated to such fund; that, if necessary for payment of principal of and interest on the Bonds, ad valorem taxes are required to be levied upon all taxable property in the Issuer without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the Issuer, by its City Council, has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: _____

CITY OF FALCON HEIGHTS,

* Delete?

MINNESOTA

Attest: (facsimile signature)
City Administrator

(facsimile signature)
Mayor

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

_____, as Bond Registrar

By: _____
Authorized Representative

We certify that the above is a full, true and correct copy of the legal opinion rendered by Bond Counsel on the issue of Bonds of the City of Falcon Heights, County of Ramsey, Minnesota, which includes the within Bond, dated as of the date of original delivery of and payment for the Bonds.

(facsimile signature - Administrator)

(facsimile signature - Mayor, City of Falcon Heights)

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common

TEN ENT — as tenants by entireties

JT TEN — as joint tenants with right of survivorship
and not as tenants in common

UTMA — _____ as Custodian for _____
(Cust) (Minor)
under Uniform _____ Transfers to Minors Act
(State)

Additional abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

Signature Guaranteed:

Signature(s) must be guaranteed by a commercial bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

Section 3. Use of Proceeds. There is hereby established on the official books and records of the Issuer a Series 1996 Tax Increment Fund (the TIF Fund), and the Issuer shall continue to maintain the TIF Fund until payment of all costs and expenses incurred in connection with the improvements specified in the Tax Increment Financing Plans and financed by the Bonds have been paid. To the TIF Fund there shall be credited from the proceeds of the Bonds, exclusive of unused discount and accrued interest, an amount which together with other funds available for such purpose will be equal to the estimated cost of the improvements financed by the Bonds and from the TIF Fund there shall be paid all such construction costs and expenses. After payment of all construction costs, the TIF Fund shall be discontinued and any Bond proceeds remaining therein shall be credited against the debt service payments next due. All Bond proceeds not so transferred, shall be credited to the Series 1996 Tax Increment Bond Fund of the Issuer. All proceeds of the Bonds deposited in the TIF Fund will be expended solely for the payment of the costs of street scape amenities, road reconstruction, upgrade of utilities and installation of storm sewers for the Larpenteur Avenue project, and other tax increment eligible improvement costs described in the Tax Increment Financing Plan (or other improvements authorized pursuant to Minnesota Statutes, Section 475.65, the TIF Act and the Tax Increment Financing Plans). All improvements so financed will be owned and maintained by the Issuer. The Issuer shall not enter into any lease, use or other agreement with any non-governmental person or the federal government relating to the use of the improvements or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Internal Revenue Code of 1986, as amended (the Code) or to be federally guaranteed bonds under Section 149 of the Code.

Section 4. Bond Fund and Tax Levy.

4.01. Sinking Fund. So long as any of the Bonds are outstanding and any principal of or interest thereon unpaid, the Issuer shall maintain a separate debt service fund on the official books and records of the Issuer to be known as the Series 1996 Tax Increment Bond Fund (the Bond Fund), and the principal of and interest on the Bonds shall be payable from the Bond Fund. The Issuer irrevocably appropriates to the Bond Fund (a) any amount in excess of \$1,623,615 received from the Purchaser; (b) the sum of \$ _____ from the proceeds of the Bonds to be utilized to pay interest on the Bonds through and including August 1, 1997; (c) the tax increments derived from the Tax Increment Districts (less any amounts subject to a prior pledge to another use); and (d) all other moneys as shall be appropriated by the City Council of the Issuer to the Bond Fund from time to time. If the balance in the Bond Fund is at any time insufficient to pay all interest and

principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the Issuer which is available for that purpose, subject to reimbursement from the Bond Fund when the balance therein is sufficient, and the City Council of the Issuer covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to pay any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

4.02. Tax Increment Revenues; Deposits to Sinking Fund. The Issuer hereby covenants and agrees with the registered owners from time to time of the Bonds, that until the Bonds are paid in full, or are discharged as provided in Section 5, the Issuer will deposit in the Bond Fund the tax increments derived from the Tax Increment Districts (less any amounts subject to a prior pledge to another use) in an amount, together with amounts then on hand therein, equal to 105% of the annual debt service on the Bonds, which funds are hereby irrevocably pledged and appropriated to the payment of the Bonds herein authorized and interest thereon when due and shall be transferred to the Bond Fund in the required amounts prior to each February 1 and August 1 payment date for the Bonds. Nothing herein shall preclude the Issuer from hereafter making further pledges and appropriations of the Tax Increments for payment of additional obligations of the Issuer hereafter authorized if the City Council determines before the authorization of such additional obligations that the estimated revenues derived from the Tax Increments and equivalent amounts provided by the Issuer will be sufficient, together with any other sources pledged to the payment of the outstanding and additional obligations, for payment of the outstanding bonds and such additional obligations. Such further pledges and appropriations of revenues may be made superior or subordinate to or on a parity with, the pledge and appropriation herein made.

4.03. Pledge of Taxing Powers. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the Issuer shall be and are hereby irrevocably pledged. It is, however, presently estimated that the tax increments derived from the Tax Increment Districts and other funds appropriated to the Bond Fund pursuant to Section 4.01 hereof will provide sums not less than 5% in excess of principal and interest on the Bonds when due, and therefore no tax levy is presently required.

Section 5. Defeasance. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of the Bonds shall cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any 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 from the due date to the date of such deposit. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable

at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity.

Section 6. Tax Covenants and Arbitrage Matters

6.01. Restrictive Action. The Issuer covenants and agrees with the owners from time to time of the 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 payable on the Bonds to become subject to taxation under the Code and any regulations issued thereunder, in effect at the time of such action, and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within its powers which may be necessary to insure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds. The Issuer represents and covenants that the proceeds of the Bonds shall be used to finance the improvements described herein, which is property owned by the Issuer and available for use by the Issuer solely for its governmental purposes. So long as the Bonds are outstanding, the Issuer will not enter into any lease, use agreement or other agreement or contract respecting said improvements and the security for the Bonds which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to the provisions of Section 141 of the Code or federally guaranteed bonds under Section 149 of the Code.

6.02 Certification. The Mayor and the City Administrator, being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser an arbitrage certificate in order to satisfy the provisions of the Code and the regulations promulgated thereunder.

6.03. Qualified Tax-Exempt Obligations. In order to enhance the marketability of the Bonds, and since the Issuer does not reasonably expect to issue in excess of \$10,000,000 of governmental or qualified 501(c)(3) bonds during calendar year 1995, the Bonds are hereby designated by the Issuer as "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Code.

6.04. Arbitrage Rebate Exemption. It is hereby found that the Issuer has general taxing powers, that none of the Bonds is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer, and that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Issuer and all subordinate entities thereof during the year 1995 is not reasonably expected to exceed \$5,000,000. Therefore, pursuant to the provisions of Section 148(f)(4)(C) of the Code, the Issuer shall not be required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

Section 7. Official Statement, Registration by Division of Property Records and Taxation and Certification of Proceedings.

7.01. Official Statement. The Preliminary Official Statement relating to the Bonds, dated _____, 1996, prepared and delivered on behalf of the Issuer by Springsted Incorporated, is hereby approved, and the officers of the Issuer are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency thereof. The officers of the Issuer, and Springsted Incorporated, are hereby authorized and directed to prepare and furnish to the Purchaser a final Official Statement.

7.02. Registration. The City Administrator is directed to file with the Division of Property Taxation of Ramsey County a certified copy of this resolution, and to obtain from the County Auditor a certificate stating that the Bonds have been entered upon the Auditor's bond register.

7.03. Proceedings. The officers of the Issuer and said County Auditor are authorized and directed to prepare and furnish to the Purchaser, and to Leonard, Street and Deinard, Professional Association, bond counsel, certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Bonds and such other affidavits and certificates as may reasonably be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the officer's books and records or are otherwise known to them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the Issuer as to the correctness of all statements contained therein.

Section 8. Continuing Disclosure. In order to comply with Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the Issuer hereby undertakes, and covenants for the benefit of the holders from time to time of the Bonds, to make disclosure in accord with the "Undertaking to Provide Continuing Disclosure" attached hereto as Exhibit A, as such undertaking may be modified from time to time as provided therein.

Mayor

Attest: _____
City Administrator

The motion for the adoption of the foregoing resolution was ~~duly seconded by~~
Commissioner _____ and, upon vote being taken thereon, the following voted
in favor thereof: _____
and the following voted against the same: _____
whereupon the resolution was declared duly passed and adopted.

EXHIBIT A

CONTINUING DISCLOSURE UNDERTAKING

In order to permit participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (as in effect and interpreted from time to time, the "Rule"), the City of Falcon Heights, Minnesota (the Issuer) covenants and agrees, for the benefit of the Owners (as hereinafter defined) from time to time of any Bonds which are Outstanding, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The Issuer is the only "obligated person" with respect to the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The Issuer has complied in all material respects with any undertaking previously entered into by it under the Rule.

Breach of the Disclosure Covenants will not constitute a default under the Bond Resolution or the Bonds. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

As used herein, "Owner" or "Bondowner" means with respect to a Bond, the registered holder or holders thereof appearing in the bond register maintained by the Registrar or any "Beneficial Owner" (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, "Beneficial Owner" means, with respect to a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

Information to be Disclosed

The Issuer will provide, in the manner set forth under "Manner of Disclosure" below, either directly or indirectly through an agent designated by the Issuer, the following information at the following times:

Annual Information

On or before 365 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 1997, the following financial information and operating data (the "Disclosure Information"):

- (A) The audited financial statements of the Issuer for such fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Issuer, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officers of the Issuer; and
- (B) To the extent not included in the financial statements referred to in paragraph (A) hereof, information of the type set forth below (identified by captions used in the Official Statement relating to the Bonds), which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Issuer's financial officer to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources:

City Property Values
City Indebtedness
City Tax Rates, Levies and Collections
Funds on Hand
City Improvements
General Information Concerning the City
Governmental Organization and Services
Annual Financial Statements

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the Issuer shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board (the "MSRB").

If any part of the Disclosure Information can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect; provided however, if such operations have been replaced by other Issuer operations in respect of

which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be material to the security for the Bonds, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or the Disclosure Covenants are amended, then the Issuer is to include in the next Disclosure Information to be delivered under the Disclosure Covenants, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operation data provided. No such amendment shall be made if the effect thereof would violate the Rule.

Certain Material Events

In a timely manner, notice of the occurrence of any of the following events, if material (the "Material Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities; and
- (11) Rating changes.

Certain Other Information

In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the Issuer to provide the Disclosure Information at the time specified under "Annual Information" above;
- (B) the amendment or supplementing of the Disclosure Covenants, together with a copy of such amendment or supplement and any explanation provided by the Issuer under the Disclosure Covenants; and
- (C) the termination of the obligations of the Issuer under the Disclosure Covenants.

Manner of Disclosure

The Issuer agrees to deliver the information described under “Information to be Disclosed” above to the following entities by telecopy, overnight delivery, mail or other means, as appropriate:

- (1) the information described under “Annual Information” and “Audited Financial Statements” above, to each then nationally recognized municipal securities information repository (each, a “NRMSIR”) under the Rule and to any statement information depository then designated or operated by the State of Minnesota as contemplated by the Rule (the “State Depository”), if any;
- (2) the information described under “Certain Material Events” and “Certain Other Information” above, to the Municipal Securities Rulemaking Board, each NRMSIR and to the State Depository, if any; and
- (3) all information described under “Information to be Disclosed” to any rating agency then maintaining a rating of the Bonds and, at the expense of such Bondholder, to any bondholder who requests in writing such information, at the time of transmission under clauses (1) or (2) above, as the case may be, or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

Term

The Disclosure Covenants shall remain in effect until all Bonds have been paid or defeased under the Bond Resolution. Notwithstanding the preceding sentence, however, the Disclosure Covenants shall terminate and be without further effect as of any date on which the Issuer receives and discloses (as an additional Material Event) an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the Issuer to comply with the Disclosure Covenants will not cause participating underwriters in the primary offering of the bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

Amendments; Interpretation

The Disclosure Covenants (and the form and requirements of the Disclosure Information) may be amended or supplemented by the Issuer from time to time, without notice to or the consent of the Owners of any Bonds, by a resolution of the governing body of the Issuer filed with the Registrar accompanied by an opinion of Bond Counsel, who may rely on the certificates of the Issuer and others and the opinion may be subject to customary qualifications, to the effect that (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the Issuer or the type of operations conducted by the Issuer, or (b) is required by, or better complies with, the

provisions of paragraph (b)(5) of the Rule; (ii) the Disclosure Covenants as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule. If the Disclosure Information is so amended, the Issuer agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

The Disclosure Covenants are to be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Default; Remedies

If the Issuer fails to comply with any of the Disclosure Covenants, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any such covenant. Direct, indirect, consequential and punitive damages shall not be recoverable, however, for any default thereunder to the extent permitted by law. In no event shall a default under the Disclosure Covenants constitute a default under the Bonds or under any other provision of the Bond Resolution.