



DATE: November 3, 2021
REGULAR

AGENDA ITEM: 2021A Bonding

SUBMITTED BY: Sam Magureanu, Finance Director

BACKGROUND:

The City Council has included a number projects in the 2021-2025 CIP for this year with funding proposed to come from bonding. The Council has previously approved all of the projects we will be bonding for including holding a special CIP Public hearing in June for the new city center. Projects include the new city center and public works addition, Heritage Farms Street and Utility, Tamarack Farms street, Hamlet on Sunfish Lake sewer, Old Village 5 and 6, refunding of the 2018A bonds used to pay for the purchase of the Brookfield building and refunding the water and sewer portion of the 2013A bonds. The city would use cash to pre-pay the street portion of the 2013A bonds.

At the October 5th meeting, Council approved the sale of the bonds. Staff participated in a bond rating call with Moody's on October 15th. The City's bond rating has not changed and continues to stay at Aa1.

ISSUE BEFORE COUNCIL:

Should the Council authorize the issuance, awarding of sale and details of \$22,555,000 general obligation bonds?

PROPOSAL DETAILS/ANALYSIS:

The total bond amount has been increased from \$21,815,000 as proposed on October 5th to \$22,555,000 because the bids on the projects came in higher than projected.

The sale is scheduled to happen the morning of November 3rd. Tammy Omdahl from Northland will be at the meeting to provide the results, which will be used to update the resolution in your packet.

FISCAL IMPACT:

Refunding of the 2018A bonds is estimated to save about \$160,000 and refunding of a portion of the 2013A bonds is estimated to save about \$300,000.

The estimated levy schedule can be found on page 13 of the finance plan presented at the October 5th meeting. The city is required to levy 105% of the general fund portion of the city center/public works addition and the improvement (street) projects. There is no new bond for water projects other than the refunding of the 2013A bond. Sewer debt will increase for the Hamlet on Sunfish Lake, Heritage Farms and Old Village 5 and 6 sewer projects. As noted the refunding of the sewer portion of the 2013A bond is expected to result in a savings.

OPTIONS:

- 1) Approve Resolution No. 2021-122
- 2) Amend and then Approve Resolution No 2021-122
- 3) Do not authorize the issuance and sale of bonds

RECOMMENDATION:

Motion to approve Resolution No. 2021-122: A Resolution Authorizing Issuance, Awarding Sale, Prescribing the Form and Details and Providing for Payment of \$22,555,000 General Obligation Bonds, Series 2021A

AND

Motion to approve the Municipal Services Agreement with Northland Securities, Inc.

ATTACHMENTS:

- Resolution No 2021-122

Extract of Minutes of Meeting of the
City Council of the City of Lake Elmo, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Lake Elmo, Minnesota, was duly held at City Hall in said City on Wednesday, November 3, 2021, commencing at 7:00 o'clock P.M.

The following members were present:

and the following were absent:

The Mayor announced that the next order of business was the consideration of the proposals which had been received for the purchase of the City's \$21,985,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A.

The City Finance Director presented a tabulation of the proposals which had been received in the manner specified in the Notice of Sale of the Bonds. The proposals are summarized on **Exhibit A** attached hereto.

The following resolution was introduced by Member _____ who moved its adoption:

RESOLUTION NO. _____

RESOLUTION AWARDING THE SALE OF \$21,985,000
GENERAL OBLIGATION IMPROVEMENT, CIP AND
REFUNDING BONDS, SERIES 2021A
FIXING THEIR FORM AND SPECIFICATIONS;
DIRECTING THEIR EXECUTION AND DELIVERY;
AND PROVIDING FOR THEIR PAYMENT

A. WHEREAS, the Mayor announced that the next order of business was consideration of the proposals which had been received for the purchase of the City's \$21,985,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the "Bonds")

B. WHEREAS, the City Finance Director presented a tabulation of the proposals that had been received in the manner specified in the Notice of Sale for the Bonds. The proposals were as set forth in **EXHIBIT A** attached.

After due consideration of the proposals, Member _____ then introduced the following written resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

BE IT RESOLVED By the City Council of the City of Lake Elmo, Washington County, Minnesota (the "City") as follows:

Section 1. Sale of Bonds.

1.01. Background; Findings. It is determined that:

(a) Certain assessable public street improvements in the City (the "Improvement Project"), will be made, duly ordered, or contracts let for the construction thereof, pursuant to Minnesota Statutes, Chapters 429, and 475, as amended (collectively, the "Improvement Act");

(b) Pursuant to Minnesota Statutes, Chapter 469.001 to 469.047 and 469.090 to 469.1082, Chapters 471 and 475, as amended (collectively, the "Lease Revenue Financing Act"), the City previously entered into a Lease-Purchase Agreement, dated as of June 1, 2018 (the "Lease"), by and between the City, as lessee, and the EDA, as lessor of the City Hall (the "City Hall"). Pursuant to a Trust Indenture, dated as of June 1, 2018 (the "Indenture"), by and between the EDA and U.S. Bank National Association, St. Paul, Minnesota, as trustee (the "Trustee"), the EDA issued its Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A (City of Lake Elmo, Minnesota Lease Obligation) secured in part by the lease payments under the Lease (the "2018A Bonds"), the proceeds of which were used to acquire the Real Property. The City has determined to exercise its option to purchase the City Hall and terminate the Lease Purchase Agreement by refunding the Series 2018A Bonds, which are currently outstanding in the principal amount of \$834,000;

(c) The City is authorized by Minnesota Statutes, Section 475.521 (the “CIP Act”) to finance certain capital improvements under an approved capital improvement plan by the issuance of General Obligation Improvement, CIP and Refunding Bonds of the City payable from ad valorem taxes. Capital improvements include acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, public safety facility and public works facilities;

(d) On June 15, 2021, the City held a public hearing regarding (i) the adoption of a 5-year capital improvement plan for the City prepared in compliance with, Minnesota Statutes, Section 475.521 (the “CIP Plan”); and (ii) the issuance of general obligation capital improvement plan bonds (the “CIP Bonds”) in the maximum amount of \$15,000,000, to finance a portion of the capital improvements set forth in the Plan including without limitation capital improvements related to the acquisition, construction and equipping of a new City Hall, fire station, law enforcement facility and public works addition (the “CIP Project”);

(e) The City Council has determined that, within 30 days after the public hearing, no petition for a referendum on issuance of bonds pursuant to the CIP Plan was received by the City in accordance with the CIP Act;

(f) As required by the CIP Act, the City has determined that: (i) the expected useful life of the project financed with the CIP Bonds will be at least five years; and (ii) the maximum amount of principal and interest due in any year on all outstanding bonds issued by the City under the CIP Act, including the CIP Bonds, will not exceed 0.16 percent of the taxable market value of property in the City for taxes payable in 2021;

(g) The City is authorized by Minnesota Statutes, Section 444.075 and Minnesota Statutes, Chapter 475, as amended, (collectively, the “Utility Act”) and Minnesota Statutes, Section 115.46 to finance all or a portion of the cost of certain sewage disposal system improvements of the City (the “Sewer Improvements”) by the issuance of general obligation bonds of the City payable from the net revenues of the sewer system of the City;

(h) Pursuant to Minnesota Statutes, Chapters 429, 444 and 475, as amended, the City issued its General Obligation Bonds, Series 2013A, dated October 1, 2013, in the original aggregate principal amount of \$5,615,000 (the “2013A Bonds”), of which \$2,370,000 in principal amount, maturing July 15, 2023 through July 15, 2033, both inclusive, designated as the Utility Bonds portion thereof is callable on December 7, 2021 (the “2013A Refunded Bonds”). The Improvement Bonds portion of the 2013A Bonds is callable on December 7, 2021 and will be paid from cash on hand. Proceeds of the 2013A Bonds were used to finance the construction of various sewer and water system improvements (the “Utility Improvements”);

(i) The City is authorized by the provisions of Minnesota Statutes, Chapter 475 (the “Municipal Debt Act”), and specifically Section 475.67, Subdivisions 3 through 12 of the Municipal Debt Act, to issue and sell its general obligation bonds to refund outstanding bonds when determined by the City Council to be necessary and desirable for the reduction of debt service or interest cost and the adjustment of maturities of outstanding financing instruments;

(j) The City finds it necessary and desirable to issue its General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the “Bonds”), in the original aggregate principal amount of \$21,985,000, to (i) finance the Improvement Project; (ii) finance the Sewer Improvements; (iii) finance the CIP Project; including without limitation the acquisition of the City Hall through a current refunding of the 2018A Bonds by redeeming and prepaying the outstanding principal amount of the January 15, 2022 through the January 15, 2034 maturities thereof on December 20, 2021; and (iv) achieve the reduction of debt service costs to the City through the current refunding of the 2013A Refunded Bonds on December 7, 2021;

(k) The City is authorized by Minnesota Statutes, Section 475.60, subdivision 2(9) to negotiate the sale of the Bonds, it being determined that the City has retained an independent municipal advisor in connection with such sale. The City has retained Northland Securities, Inc. as its municipal advisor (the “Municipal Advisor”). The actions of the City staff and the City’s Municipal Advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.02 Award to Purchaser and Interest Rates. The proposal of Raymond James & Associates, Inc., St Petersburg Florida (the “Purchaser”) to purchase the Bonds of the City described in the official statement thereof is found and determined to be the most favorable offer received and is hereby, the proposal being to purchase the Bonds at a price of \$22,820,215.25 (par amount of \$21,985,000.00, plus a net premium of \$869,731.70 and less an underwriter’s discount of \$34,516.45), plus accrued interest to the date of delivery, for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2022	3.000%	2033	1.750%
2023	3.000	2034	1.750
2024	3.000	2035	2.000
2025	3.000	2036	2.000
2026	3.000	2037	2.000
2027	3.000	2038	2.000
2028	3.000	2039	2.000
2029	3.000	2040	2.125
2030	3.000	2041	2.125
2031	1.750	2042	2.125
2032	1.750		

1.03. Purchase Contract. Any amount paid by the Purchaser over the minimum purchase price shall be credited to the Debt Service Fund hereinafter created, or deposited in the Improvement Project Construction Fund, the Sewer Improvements Construction Fund, the CIP Project Construction Fund or the Refunding Fund hereinafter created, as determined by the City Finance Director after consultation with the City’s municipal advisor. The City Finance Director is directed to retain the good faith check of the Purchaser, pending completion of the sale of the Bonds. The Mayor and City Clerk are directed to execute a contract with the Purchaser on behalf of the City.

1.04 Terms and Principal Amounts of Bonds. The City will forthwith issue and sell the Bonds pursuant to the Municipal Debt Act, the Improvement Act, the Utility Act and the CIP Act

(collectively, the “Act”), in the total principal amount of \$21,985,000, originally dated the date of issuance, in fully registered form, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$ 50,000	2033	\$1,405,000
2023	1,135,000	2034	1,425,000
2024	1,140,000	2035	1,185,000
2025	1,170,000	2036	1,205,000
2026	1,195,000	2037	1,230,000
2027	1,230,000	2038	575,000
2028	1,270,000	2039	590,000
2029	1,295,000	2040	600,000
2030	1,315,000	2041	610,000
2031	1,360,000	2042	625,000
2032	1,375,000		

\$4,565,000 of the Bonds (the “Improvement Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the Improvement Project:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$250,000	2031	\$315,000
2024	260,000	2032	320,000
2025	265,000	2033	315,000
2026	275,000	2034	330,000
2027	280,000	2035	335,000
2028	290,000	2036	340,000
2029	300,000	2037	355,000
2030	305,000		

\$6,310,000 of the Bonds (the “Utility Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the Sewer Improvements and to refund the 2013A Refunded Bonds:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$430,000	2031	\$470,000
2024	415,000	2032	470,000
2025	420,000	2033	480,000
2026	425,000	2034	485,000
2027	440,000	2035	300,000
2028	450,000	2036	305,000
2029	455,000	2037	310,000
2030	455,000		

\$11,110,000 of the Bonds (the “CIP Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the CIP Project and to refund the 2018A Bonds:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$ 50,000	2033	\$595,000
2023	455,000	2034	605,000
2024	465,000	2035	545,000
2025	485,000	2036	555,000
2026	495,000	2037	565,000
2027	510,000	2038	575,000
2028	530,000	2039	590,000
2029	540,000	2040	600,000
2030	555,000	2041	610,000
2031	575,000	2042	625,000
2032	585,000		

As may be requested by the Purchaser, one or more term Bonds (the “Term Bonds”) may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

1.05. Optional Redemption. The City may elect on February 1, 2029, and on any day thereafter to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) 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. Prepayments will be at a price of par plus accrued interest.

Section 2. Registration and Payment.

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

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond 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 Bond 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 Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2022, to the registered owners of

record as of the close of business on the 15th day of the immediately preceding month, whether or not that day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). 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 must keep at its principal corporate trust office a bond register in which the Registrar provides 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 a 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 will 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 15th day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will 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. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer such Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will 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 Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to a registered owner or upon the owner’s order will 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. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will 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 such 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. All Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) in accordance with the requirements of DTC to the registered owner of each 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, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints U.S. Bank National Association, St. Paul, Minnesota, as the initial Registrar. The Mayor and the City Clerk are authorized to execute and deliver, on behalf of the City, 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, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the City Clerk must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Finance Director and executed on behalf of the City by the signatures of the Mayor and the City Clerk, provided that those 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 Bonds ceases to be such officer before the delivery of any Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will 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 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 a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed and authenticated, the City Finance Director will 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.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form attached hereto as **EXHIBIT B**.

3.02. Approving Legal Opinion. The City Finance Director is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, which is to be complete except as to dating thereof and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Pledges; and Covenants.

4.01. Debt Service Fund and Accounts Maintained Therein. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to provide adequate and specific security for the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the “General Obligation Improvement, CIP and Refunding Bonds, Series 2021A Debt Service Fund” (the “Debt Service Fund”) to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Debt Service Fund will be maintained in the manner herein specified until all of the Bonds and the interest thereon will have been fully paid. There will be maintained in the Debt Service Fund three separate accounts, to be designated the “Improvement Bonds Account,” the “Utility Bonds Account,” and the “CIP Bonds Account.” Amounts in the Improvement Bonds Account are irrevocably pledged to the Improvement Bonds portion of the Bonds, amounts in the Utility Bonds Account are irrevocably pledged to the Utility Bonds portion of the Bonds and amounts in the CIP Bonds Account are irrevocably pledged to the CIP Bonds portion of the Bonds.

(a) *Improvement Bonds Account.* To the Improvement Bonds Account in the Debt Service Fund there is hereby pledged and irrevocably appropriated and there will be credited: (i) proceeds of special assessments levied or to be levied for the Improvement Project (the “Assessments”), which Assessments are pledged to the Improvement Bonds Account; (ii) capitalized interest financed from Improvement Bond proceeds, if any; (iii) a pro rata portion of the amount over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof;

(iv) all investment earnings on amounts in the Improvement Bonds Account of the Debt Service Fund; (v) proceeds of ad valorem property taxes levied pursuant to Section 4.08 or to be levied for the Improvement Project (the “Improvement Taxes”), which Improvement Taxes are pledged to the Improvement Bonds Account; and (vi) any other funds appropriated for the payment of principal or interest on the Improvement Bonds. The Finance Director must report to the City Council any current or anticipated deficiency in the Improvement Bonds Account or in the availability of Improvement Taxes and Assessments to pay principal of and interest on the Improvement Bonds. If a payment of principal or interest on the Improvement Bonds becomes due when there is not sufficient money in the Improvement Bonds Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Improvement Taxes and Assessments when collected.

(b) *Utility Bonds Account.* The City will continue to maintain and operate its sewer and water utility funds, to which will be credited, respectively, all gross revenues of the Sewer System and Water System (the “Systems”), and out of which will be paid all normal and reasonable expenses of current operations of the Systems. Any balances therein are deemed net revenues (the “Net Revenues”) and will be transferred, from time to time, to the Utility Bonds Account of the Debt Service Fund in an amount sufficient to pay the principal of and interest on the Utility Bonds, which Utility Bonds Account will be used only to pay principal of and interest on the Utility Bonds, and any other bonds similarly authorized. There is also appropriated to the Utility Bonds Account (i) any collections of taxes hereafter levied for the payment of the Utility Bonds and interest thereon, (ii) a pro rata portion of any amount over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof, (iii) all investment earnings on funds in the Utility Bonds Account of the Debt Service Fund; and (iv) any other funds appropriated for the payment of principal or interest on the Utility Bonds. The Finance Director must report to the City Council any current or anticipated deficiency in the Utility Bonds Account or in the availability of Net Revenues to pay principal of and interest on the Utility Bonds and any other bonds similarly authorized. If a payment of principal or interest on the Utility Bonds becomes due when there is not sufficient money in the Utility Bonds Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Net Revenues and taxes when collected.

(c) *CIP Bonds Account.* To the CIP Bonds Account in the Debt Service Fund there is hereby pledged and irrevocably appropriated and there will be credited: (i) proceeds of ad valorem property taxes levied pursuant to Section 4.09 or to be levied for the CIP Project (the “CIP Taxes”), which CIP Taxes are pledged to the CIP Bonds Account, (ii) capitalized interest financed from CIP Bond proceeds, if any; (iii) a pro rata portion of the amount over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof; (iv) all investment earnings on amounts in the CIP Bonds Account of the Debt Service Fund; (v) any ad valorem taxes collected for the payment of Lease payments with respect to the Series 2018A Bonds

pursuant to levies made under the lease to the extent not deposited in the Refunding Fund; and (vi) any other funds appropriated for the payment of principal or interest on the CIP Bonds. The Finance Director must report to the City Council any current or anticipated deficiency in the CIP Bonds Account or in the availability of CIP Taxes to pay principal of and interest on the CIP Bonds. If a payment of principal or interest on the CIP Bonds becomes due when there is not sufficient money in the CIP Bonds Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of CIP Taxes when collected.

4.02 Improvement Project Construction Fund. The proceeds of the Improvement Bonds, net of the amounts deposited in accordance with Section 4.01(a), together with any other funds appropriated during the construction of the Improvement Project and Assessments collected during the construction of the Improvement Project, will be deposited in a separate construction fund (the “Improvement Project Construction Fund”) to be used solely to defray expenses of the Improvement Project and the payment of principal of and interest on the Improvement Bonds prior to the completion and payment of all costs of the Improvement Project. Any balance remaining in the Improvement Project Construction Fund after the Improvement Project is completed and the costs thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the Improvement Project Construction Fund is to be closed and any balance remaining therein and subsequent collections of Assessments for the Improvement Project are to be deposited in the Improvement Bonds Account of the Debt Service Fund.

4.03 Sewer Improvements Construction Fund. The proceeds of the Sewer Improvements portion of the Utility Bonds, net of the amounts deposited in accordance with Section 4.01(b) and Section 4.05, together with any other funds appropriated during the construction of the Sewer Improvements, will be deposited in a separate construction fund (the “Sewer Improvements Construction Fund”) to be used solely to defray expenses of the Sewer Improvements Project and the payment of principal of and interest on the Utility Bonds prior to the completion and payment of all costs of the Sewer Improvements Project. Any balance remaining in the Sewer Improvements Construction Fund after the Sewer Improvements Project is completed and the costs thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the Sewer Improvements Construction Fund is to be closed and any balance remaining therein are to be deposited in the Utility Bonds Account of the Debt Service Fund.

4.04. CIP Project Construction Fund. The proceeds of the CIP Bonds, net of the amounts deposited in accordance with Section 4.01(c) and Section 4.06, together with any other funds appropriated during the construction of the CIP Project, will be deposited in a separate construction fund (the “CIP Project Construction Fund”) to be used solely to defray expenses of the CIP Project and the payment of principal of and interest on the CIP Bonds prior to the completion and payment of all costs of the CIP Project. Any balance remaining in the CIP Project Construction Fund after the CIP Project is completed and the costs thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the CIP Project Construction Fund is to be closed and any balance remaining therein are to be deposited in the CIP Bonds Account of the Debt Service Fund.

4.05 2013A Refunding Fund. Proceeds of the Utility Bonds in an amount sufficient, together with other available funds applied to such purpose, to redeem the outstanding 2013A Refunded Bonds on December 7, 2021, in the amount set forth in the closing memorandum prepared by City's Municipal Advisor shall be deposited in a separate fund (the "2013A Refunding Fund") to be used solely for such purpose. The 2013A Refunding Fund shall be terminated following the redemption of the outstanding 2013A Refunded Bonds. Any balance remaining in the 2013A Refunding Fund after the redemption and payment in full of the outstanding 2013A Refunded Bonds shall be deposited to the Debt Service Fund herein created.

4.06 2018A Refunding Fund. Proceeds of the CIP Bonds in an amount sufficient, together with other available funds applied to such purpose, to redeem the outstanding 2018A Bonds on December 20, 2021, in the amount set forth in the closing memorandum prepared by City's Municipal Advisor shall be deposited in a separate fund (the "2018A Refunding Fund") to be used solely for such purpose. The 2018A Refunding Fund shall be terminated following the redemption of the outstanding Series 2018A Refunded Bonds. Any balance remaining in the 2018A Refunding Fund after the redemption and payment in full of the outstanding 2018A Refunded Bonds shall be deposited to the Debt Service Fund herein created.

4.07. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.08. Pledge of Tax Levy; Improvement Bonds. For the purpose of paying the principal of and interest on the Improvement Bonds, there is hereby levied a direct annual irrepealable ad valorem tax upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. Such tax will be credited to the Improvement Bonds Account in the Debt Service Fund above provided and will be in the years and amounts attached hereto as **EXHIBIT C.**

The tax levy herein provided will be irrepealable until all of the Improvement Bonds portion of Bonds are paid, provided that the City Finance Director may annually, at the time the City makes its tax levies, certify to the County Auditor the amount available in the Improvement Bonds Account in the Debt Service Fund to pay principal and interest due during the ensuing year on the Improvement Bonds, and the County Auditor will thereupon reduce the levy collectible during such year by the amount so certified.

4.09. Pledge of Tax Levy; CIP Bonds. For the purpose of paying the principal of and interest on the CIP Bonds, there is hereby levied a direct annual irrepealable ad valorem tax upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. Such tax will be credited to the CIP Bonds Account in the Debt Service Fund above provided and will be in the years and amounts attached hereto as **EXHIBIT D.**

The tax levy herein provided will be irrevocable until all of the CIP Bonds portion of Bonds are paid, provided that the City Finance Director may annually, at the time the City makes its tax levies, certify to the County Auditor the amount available in the CIP Bonds Account in the Debt Service Fund to pay principal and interest due during the ensuing year on the CIP Bonds, and the County Auditor will thereupon reduce the levy collectible during such year by the amount so certified.

4.10. Filing. The City Finance Director is authorized and directed to file a certified copy of this resolution with the County Auditor of Washington County and to obtain the certificate required by Section 475.63 of the Act.

4.11. Covenants Regarding Improvement Project. The City hereby covenants with the holders from time to time of the Bonds as follows:

(a) It is hereby determined that the Improvements will directly and indirectly benefit the assessed property, and at least 20% of the costs of the Improvement Project to the City will be paid by Assessments. The City has caused or will cause the Assessments levied for the Improvement Project to be promptly levied so that the first installment will be collectible not later than 2022 and will take all steps necessary to assure prompt collection, and the levy of the Assessments is hereby authorized. The City Council will cause to be taken with due diligence all further actions that are required for the construction of each Improvement Project financed wholly or partly from the proceeds of the Improvement Bonds, and will take all further actions necessary for the final and valid levy of the Assessments and the appropriation of any other funds needed to pay the Improvement Bonds and interest thereon when due.

(b) In the event of any current or anticipated deficiency in the Assessments, the City Council will levy ad valorem taxes in the amount of the current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing receipts and disbursements in connection with the Improvement Project, Assessments levied therefor and other funds appropriated for their payment, collections thereof and disbursements therefrom, monies on hand and, the balance of unpaid Assessments.

(d) The City will cause its books and records to be audited at least annually and will furnish copies of such audit reports to any interested person upon request.

4.12. City Covenants with Respect to the Utility Bonds. The City Council covenants and agrees with the holders of the Bonds that so long as any of the Utility Bonds remain outstanding and unpaid, it will keep and enforce the following covenants and agreements:

(a) The City will continue to maintain and efficiently operate the Systems as public utilities and conveniences free from competition of other like municipal utilities and will cause all revenues therefrom to be deposited in bank accounts and credited to the

accounts of the Systems as hereinabove provided, and will make no expenditures from those accounts except for a duly authorized purpose and in accordance with this resolution.

(b) The City will also maintain the Utility Bonds Account of the Debt Service Fund as a separate account in the system funds and will cause money to be credited thereto from time to time, out of Net Revenues from the Systems in sums sufficient to pay principal of and interest on the Utility Bonds when due.

(c) The City will keep and maintain proper and adequate books of records and accounts separate from all other records of the City in which will be complete and correct entries as to all transactions relating to the Systems and which will be open to inspection and copying by any bondholder, or the bondholder's agent or attorney, at any reasonable time, and it will furnish certified transcripts therefrom upon request and upon payment of a reasonable fee therefor, and said account will be audited at least annually by a qualified public accountant and statements of such audit and report will be furnished to all bondholders upon request.

(d) The City Council will cause persons handling revenues of the Systems to be bonded in reasonable amounts for the protection of the City and the bondholders and will cause the funds collected on account of the operations of the Systems to be deposited in a bank whose deposits are guaranteed under the Federal Deposit Insurance Law.

(e) The Council will keep the Systems insured at all times against loss by fire, tornado and other risks customarily insured against with an insurer or insurers in good standing, in such amounts as are customary for like plants, to protect the holders, from time to time, of the Utility Bonds and the City from any loss due to any such casualty and will apply the proceeds of such insurance to make good any such loss.

(f) The City and each and all of its officers will punctually perform all duties with reference to the Systems as required by law.

(g) The City will impose and collect charges of the nature authorized by Minnesota Statutes, Section 444.075 at the times and in the amounts required to produce Net Revenues adequate to pay all principal and interest when due on the Utility Bonds and to create and maintain such reserves securing said payments as may be provided in this resolution.

(h) The City Council will levy general ad valorem taxes on all taxable property in the City, when required to meet any deficiency in pledged Net Revenues.

(i) The City hereby determines that the estimated collection of net revenues herein pledged for the payment of principal and interest on the Utility Bonds will produce at least 5% in excess of the amount needed to meet, when due, the principal and interest payments on such portion of the Bonds.

4.13. Debt Service Coverage. It is hereby determined that the estimated collection of the foregoing Taxes, Net Revenues and Assessments will produce at least 5% in excess of the amount needed to pay when due, the principal and interest payments on the Bonds.

4.14. Refunding; Findings; Redemption of 2013A Refunded Bonds.

(a) Reduction of Debt Service Cost. The outstanding 2013A Refunded Bonds will be called for redemption on December 7, 2021 in the amount of \$2,370,000, the outstanding Improvement Bonds portion of the 2013A Bonds will be redeemed on December 7, 2021 with cash on hand. The outstanding 2018A Bonds will be called for redemption on December 20, 2021 in the amount of \$834,000.

(b) Coverage on the Refunded Bonds. It is hereby found and determined that the proceeds of the Utility Bonds, along with funds on hand at the City, will be sufficient to pay at maturity or redemption all of the principal of and accrued interest on the 2013A Refunded Bonds. It is hereby found and determined that the proceeds of the CIP Bonds, along with funds on hand at the City, will be sufficient to pay at maturity or redemption all of the principal of and accrued interest on the 2018A Bonds.

(c) Notice of Call for Redemption. (i) The 2013A Bonds maturing on July 15, 2022 and thereafter will be redeemed and prepaid on December 7, 2021 in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached hereto as **EXHIBIT E**, which terms and conditions are hereby approved and incorporated herein by reference. The registrar for the 2013A Bonds is authorized and directed to send a copy of the Notice of Call for Redemption to the registered holders of the 2013A Bonds. (ii) The City hereby authorizes the City Finance Director to deliver to the EDA notice of the City's intent to exercise its option to purchase the City Hall Facility and terminate the Lease. The 2018A Refunded Bonds maturing on January 15, 2022 and thereafter will be redeemed and prepaid on December 20, 2021 in accordance with their terms. The City authorizes and directs the EDA to call for the redemption of the outstanding 2018A Bonds in accordance with this Resolution and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached as **EXHIBIT A** to the Resolution 2021-001 of the Board of Commissioners of the Economic Development Authority of the City of Lake Elmo, Minnesota (the "EDA") adopted September 30, 2021 which terms and conditions are hereby approved and incorporated herein by reference. The Registrar for the 2018A Refunded Bonds is authorized and directed to send a copy of the Notice of Redemption to each registered holder of the outstanding 2018A Bonds.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the 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 Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certificates as to Official Statement. The Mayor, City Clerk and Finance Director are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds 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.

5.03. Other Certificates. The Mayor and Clerk are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor and Clerk shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Clerk shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Electronic Signatures. The electronic signature of the Mayor and/or the City Clerk to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 6. Tax Covenants.

6.01. Tax Exempt Bonds. The City covenants and agrees with the holders 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 on the Bonds to become subject to taxation 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 subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds. To that end, the City will comply with all requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds and the rebate of excess investment earnings to the United States (unless the City qualifies for any exemption from rebate requirements based on timely expenditure of proceeds of the Bonds, in accordance with the Code and applicable Treasury Regulations).

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

6.03. No Designation of Qualified Tax-Exempt Obligations. The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) 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 Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each 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 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 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 Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the 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 Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Finance Director 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.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Finance Director will 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 will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any

Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will 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 Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange 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 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 will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a 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 Bond and notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

8.02. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Clerk and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Section 9. Defeasance. When all Bonds (or all of any of the Improvement Bonds or Utility Bonds or CIP Bonds portion thereof) and all accrued interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution (with respect to the Improvement Bonds or Utility Bonds or CIP Bonds portion of the Bonds, as the case may be) to holders of the 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 Bonds will remain in full force and effect. The City may discharge all Bonds (or all of any of the Improvement Bonds or Utility Bonds or CIP Bonds portion thereof) 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 by depositing irrevocably in escrow, with

a suitable institution qualified by law as an escrow agent for this purpose, cash or securities which are backed by the full faith and credit of the United States of America, or any other security authorized under Minnesota law for such purpose, bearing interest payable at such times and at such rates and maturing on such dates and in such amounts as shall be required and sufficient, subject to sale and/or reinvestment in like securities, to pay said obligation(s), which may include any interest payment on such Bond and/or principal amount due thereon at a stated maturity (or if irrevocable provision shall have been made for permitted prior redemption of such principal amount, at such earlier redemption date). 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 to the date of such deposit.

Section 11. Termination of Special Benefits Levy. The levy pledged to the payment of the Series 2018A Bonds and authorized under Minnesota Statutes, Section 469.033, subd. 6 and the EDA's Resolution No. 2018-001 for collection in each year in which principal of or interest on the Series 2018A Bonds was due and payable, in an annual amount not to exceed the lesser of (i) the maximum annual amount of principal and interest due on the Series 2018A Bonds or (ii) the statutory maximum, pursuant to its taxing power under Minnesota Statutes, Section 469.033, subdivision 6 is hereby determined to be unnecessary and is hereby terminated and discontinued for taxes payable in 2021 and thereafter.

Section 12. Effective Date. This resolution shall be in full force and effect from and after its passage.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

Approved this 3rd day of November, 2021, by the City Council of the City of Lake Elmo, Minnesota.

CITY OF LAKE ELMO, MINNESOTA

Mayor

ATTEST:

City Clerk

EXHIBIT A Proposals



TABULATION OF BIDS CITY OF LAKE ELMO, MINNESOTA

\$22,555,000[†]

GENERAL OBLIGATION IMPROVEMENT, CIP AND REFUNDING BONDS, SERIES 2021A

AWARD: RAYMOND JAMES & ASSOCIATES, INC.

DATE OF SALE: WEDNESDAY, NOVEMBER 3, 2021

MOODY'S UNDERLYING RATING Aa1

BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
RAYMOND JAMES & ASSOCIATES, INC. [†] St. Petersburg, FL Syndicate: Morgan Stanley & Co., LLC; UBS Financial Services, Inc.; FHN Financial Capital Markets; Ziegler & Company; Ramirez & Company, Inc.; Advisors Asset Management, Inc.	\$23,436,324.90	\$3,760,920.10	1.7301889%
J.P. MORGAN SECURITIES LLC New York, NY	\$23,421,139.19	\$3,776,105.81	1.7379727%
PIPER SANDLER & CO. Minneapolis, MN	\$23,869,191.46	\$3,892,358.54	1.7783077%
ROBERT W. BAIRD & CO., INC. Red Bank, NJ	\$23,849,928.74	\$3,902,200.63	1.7838638%
THE BAKER GROUP Oklahoma City, OK	\$23,863,358.66	\$4,089,278.21	1.8729155%
BANK OF AMERICA SECURITIES New York, NY	\$24,234,339.71	\$4,302,985.60	1.9466950%
KEYBANC CAPITAL MARKETS Cleveland, OH	\$24,038,809.85	\$4,359,814.84	1.9842139%

[†] Par amount decreased from \$22,555,000 to \$21,985,000. For Raymond James & Associates, Inc., the adjusted purchase price is \$22,820,215.25, plus accrued interest from the date of issue to the date of delivery, and the adjusted TIC is 1.7407833%.

Main Office 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402 Main Office Toll Free 1-800-851-2920
www.northlandsecurities.com

Member FINRA and SIPC | Registered SEC and MSRB

**EXHIBIT B
FORM OF BOND**

No. R-_____ UNITED STATES OF AMERICA \$ _____
STATE OF MINNESOTA
COUNTY OF WASHINGTON
CITY OF LAKE ELMO

GENERAL OBLIGATION IMPROVEMENT, CIP AND REFUNDING BOND, SERIES 2021A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	December 7, 2021	

Registered Owner: Cede & Co.

The City of Lake Elmo, Minnesota, a duly organized and existing municipal corporation in Washington County, Minnesota (the “City”), acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above or registered assigns, the principal sum set forth above (calculated on the basis of a 360 day year of twelve 30 day months) on the maturity date specified above, unless called for earlier redemption, with interest thereon from the date hereof at the annual rate specified above, payable February 1 and August 1 in each year, commencing February 1, 2022, to the person in whose name this Bond is registered at the close of business on the 15th 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 U.S. Bank National Association, St. Paul, Minnesota, as Registrar, Paying Agent, Transfer Agent and Authenticating 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 and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2029, and on any date thereafter to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify the Depository Trust Company (“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. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$21,985,000 all of like original issue date and tenor, except as to number, maturity date, interest rate, denomination and redemption privilege, all issued pursuant to a resolution adopted by the City Council on November 3, 2021 (the “Resolution”), for the purpose of providing money to finance public street improvements, sewer improvement bonds, projects set forth in the capital improvement plan and the refunding of

certain outstanding bonds, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, and 475, as amended. The principal hereof and a portion of the interest hereon are payable from special assessments levied against property specially benefited by local improvements, sewer and water revenues and ad valorem taxes, all as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments, ad valorem taxes, and sewer and water revenues pledged, which taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the 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 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 City 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.

This Bond is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The City and the 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 City nor the Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the water and sewer utility systems free from competition by other like municipal utilities; that adequate insurance on said systems and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the utility bond fund, into which it will pay all of the gross revenues from the water and sewer utility systems; that it will also create and maintain a Utility Bonds Account within the General Obligation Improvement CIP and Refunding Bonds, Series 2021A Debt Service Fund, into which it will pay, out of the net revenues from the water and sewer utility systems, a sum sufficient to pay principal of and interest on the Utility Bonds when due; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the water and sewer utility systems.

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 preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do

LA515-85-748617.v2

not as tenants in common

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's 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 any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond
is held by joint account.)

Please insert social security or other
identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of Registrar

Cede & Co.

Federal ID #13-2555119

EXHIBIT C
Improvement Bonds Tax Levy

YEAR *	TAX LEVY
2022	\$274,713.59
2023	277,338.58
2024	274,398.59
2025	276,551.08
2026	273,138.60
2027	274,818.58
2028	276,183.59
2029	271,983.58
2030	272,876.10
2031	272,337.97
2032	276,957.98
2033	276,144.22
2034	275,238.60
2035	273,348.58
2036	276,603.59

** Year tax levy collected.*

EXHIBIT D
CIP Bonds Levy

YEAR *	TAX LEVY
2021	\$55,799.63
2022	748,590.95
2023	744,758.45
2024	751,110.95
2025	746,333.45
2026	746,490.95
2027	751,425.95
2028	745,230.95
2029	743,970.95
2030	747,488.45
2031	747,422.82
2032	747,173.45
2033	746,740.32
2034	672,623.45
2035	671,678.45
2036	670,523.45
2037	669,158.45
2038	672,833.45
2039	670,943.45
2040	668,055.95
2041	670,195.32

** Year tax levy collected.*

EXHIBIT E

NOTICE OF CALL FOR REDEMPTION

\$5,615,000

City of Lake Elmo, Minnesota,
General Obligation Bonds, Series 2013A

NOTICE IS HEREBY GIVEN that, by order of the City Council of the City of Lake Elmo, Minnesota (the "City"), there have been called for redemption and prepayment on

December 7, 2021

all outstanding bonds of the City designated as General Obligation Bonds, Series 2013A, dated as of October 1, 2013, having stated maturity dates of July 15 in the years 2022 through 2033, both inclusive, totaling \$3,180,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP</u>
2022	\$330,000	509624 LH3
2023	300,000	509624 LJ9
2024	300,000	509624 LK6
2025	300,000	509624 LL4
2026	305,000	509624 LM2
2027	310,000	509624 LN0
2028	315,000	509624 LP5
2030*	395,000	509624 LQ3
2033*	625,000	509624 LR1

*Term Bond

The Bonds will be redeemed at a price of par plus accrued interest to December 7, 2021, on which date all interest on said bonds will cease to accrue. Holders of the Bonds hereby called for redemption are requested to present their bonds for payment at the main office of Northland Trust Services, Inc., Minneapolis, Minnesota (the "Paying Agent"), at the following address, on or before December 7, 2021.

Northland Trust Services, Inc., Minneapolis, Minnesota
150 South 5th Street, Suite 3300
Minneapolis, MN 55402

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2009, the Trustee is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any bonds subject to redemption and prepayment on the redemption date, unless the Trustee is provided with the Social Security Number or Federal

Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9 will satisfy the requirements of this paragraph.

Dated: _____, 2021.

NORTHLAND TRUST SERVICES, INC.

STATE OF MINNESOTA
COUNTY OF WASHINGTON

COUNTY AUDITOR'S
CERTIFICATE AS TO
TAX LEVY AND REGISTRATION

I, the undersigned County Auditor of Washington County, Minnesota, hereby certify that a certified copy of a resolution adopted by the governing body of the City of Lake Elmo, Minnesota, on November 3, 2021, levying taxes for the payment of \$21,985,000 General Obligation Improvement, CIP and Refunding Bonds, Series 2021A of said municipality, dated December 7, 2021, has been filed in my office and said bonds have been entered on the register of obligations in my office and that such tax has been levied as required by law.

WITNESS My hand and official seal this ____ day of _____, 2021.

County Auditor
Washington County, Minnesota

Deputy