

**CITY OF LAKE ELMO, MINNESOTA  
RESOLUTION NO. 2001-083**

**AUTHORIZING AND AWARDING THE  
SALE OF, AND PROVIDING THE FORM, TERMS,  
COVENANTS AND DIRECTIONS FOR \$1,080,000 GENERAL  
OBLIGATION STATE-AID AND IMPROVEMENT BONDS  
SERIES 2001**

BE IT RESOLVED BY THE CITY COUNCIL (THE "COUNCIL") OF THE CITY OF LAKE ELMO, MINNESOTA (THE "ISSUER") AS FOLLOWS:

Section 1.     Award of Sale: Terms of Bonds.

1.01     The Issuer intends to issue its \$1,080,000 General Obligation State-Aid and Improvement Bonds, Series 2001 (the "Bonds") for the purpose of financing the acquisition and construction of local street improvements (the "Improvements"), and providing long-term financing for the Improvements, in accordance with Minnesota Statutes, Chapters 162, 429 and 475. \$850,000 of principal amount of the Bonds are hereby designated as "State-Aid Bonds," issued pursuant to Minnesota Statutes, Chapter 162, and \$230,000 of principal amount of the Bonds are hereby designated as "Improvement Bonds," issued pursuant to Minnesota Statutes, Chapter 429.

1.02     In accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9), the Issuer has retained an independent financial advisor and has determined to sell the Bonds in a private negotiated sale and without advertisement for bids.

1.03     The Issuer hereby accepts the offer of Juran & Moody, a division of Miller Johnson Steichen Kinnard, Inc. (the "Purchaser"), to purchase the Bonds in accordance with the terms of this Resolution at a price of \$1,059,210 plus accrued interest to the date of delivery, the Bonds to bear interest at the rate per annum as follows:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2003	2.75%	2011	4.40%
2004	3.00	2012	4.50
2005	3.15	2013	4.65
2006	3.35	2014	4.80
2007	3.65	2017	4.90
2008	3.90		
2009	4.10		
2010	4.25		

The City Finance Director is directed to retain the good faith check of the Purchaser, if any, pending delivery of and payment for the Bonds.

1.04 The Issuer shall issue the Bonds in the aggregate principal amount of \$1,080,000 dated as of October 1, 2001, as fully registered bonds without coupons. The Bonds shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of a single maturity, shall be numbered from R-1 upwards in order of issuance and shall bear interest at the rate set forth above, payable August 1, 2002, and semiannually thereafter on each February 1 and August 1, and shall mature on February 1 in the years and amounts as follows:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Year of Maturity</u>	<u>Amount</u>
2003	\$30,000	2011	\$60,000
2004	100,000	2012	60,000
2005	100,000	2013	65,000
2006	110,000	2014	65,000
2007	110,000	2017	220,000
2008	50,000		
2009	55,000		
2010	55,000		

Bonds issued in exchange for Bonds shall be dated as of the date of authentication thereof and shall bear interest from the date to which interest due and payable has been paid in full on the Bonds surrendered, except that Bonds issued upon a transfer or exchange prior to the first interest payment date shall be dated as of October 1, 2001.

1.05 The Bonds maturing on February 1, 2017 are subject to mandatory sinking fund redemption at a price of par and accrued interest at the times and in the amounts set forth below:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2015	\$70,000
February 1, 2016	75,000
February 1, 2017*	75,000

\*Stated Maturity

At the option of the Issuer, the Bonds shall also be subject to call and to prior payment on February 1, 2008 or any date thereafter at a price of par and accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the Bonds remaining unpaid to be prepaid shall be at the discretion of the Issuer. If only part of the Bonds having a common maturity date are called for prepayment, the Issuer 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 interest in such maturity to be redeemed. Notice of such call

shall be given by mailing a notice thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

1.06 The Bonds shall be payable as to principal at the office of the U.S. Bank Trust National Association, St. Paul, Minnesota (the "Registrar"), or at the office of such other successor registrar as the Issuer may hereafter designate upon 60 days' mailed notice to the registered owners. If the stated maturity date for payment of principal of any Bonds shall not be a business day, then such payment shall be made on the next succeeding business day with the same force and effect as if made on the stated maturity, and without additional interest accruing thereon for the period after such stated maturity. Interest on each Bond shall be payable by check or draft of the Registrar mailed the last business day prior to the interest payment date to the registered holder thereof at his or her address as it appears on the bond register at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. For purposes of this resolution "business day" shall mean any day other than a day on which banks in the City of Minneapolis, Minnesota are authorized to be closed.

Section 2. Form and Execution of Bond.

2.01 The Bonds shall be in substantially the form as set forth in Exhibit A hereto, with the necessary variations as to number, CUSIP number, rate of interest and date of maturity, the blanks to be properly filled in.

2.02 As long as any of the Bonds issued hereunder shall remain outstanding, the Issuer shall cause to be kept at the principal office of the Registrar the Register in which, subject to such reasonable regulations as the Registrar may prescribe, the Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds. U.S. Bank Trust National Association, St. Paul, Minnesota is hereby appointed Registrar, Transfer Agent and Paying Agent with respect to the Bonds.

Upon surrender for transfer of any Bond with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the Issuer shall execute and the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more fully registered Bonds of any authorized denominations and of a like aggregate principal amount, interest rate and maturity. Any Bonds, upon surrender thereof at the office of the Registrar, may at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate of any authorized denominations. In all cases in which the privilege of exchanging or transferring fully registered Bonds is exercised, the Issuer shall execute and the Registrar shall deliver Bonds in accordance with the provisions of this Resolution. For every such exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such

exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Issuer or the Registrar incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Issuer. Each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

2.03 Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Bond (or one or more Bonds for which such Bond was exchanged) is registered at the close of business on the preceding January 15 or July 15, as the case may be. Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant regular record date solely by virtue of such owner having been such owner; and such defaulted interest may be paid by the Issuer to the person in whose name such Bond is registered at the close of business on a special record date established by the Registrar for the payment of such defaulted interest. Subject to the foregoing provisions of this paragraph, each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

2.04 As to any Bond, the Issuer and the Registrar and their respective successors, each in its discretion, may deem and treat the person in whose name the same for the time being shall be registered as the absolute owner thereof for all purposes and neither the Issuer nor the Registrar nor their respective successors shall be affected by any notice to the contrary. Payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

2.05 If (i) any mutilated Bond is surrendered to the Registrar, or the Issuer and the Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Registrar such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer or the Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this subsection, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. Every new Bond issued pursuant to this subsection in lieu of any destroyed, lost,

or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds.

2.06 Notwithstanding the other provisions of this Resolution regarding registration, ownership, transfer, payment and exchange of the Bonds, unless the Issuer determines to permit the exchange of book-entry only bonds for certificates in the denominations provided in section 1.04, the Bonds shall be issued in denominations of the entire principal amount of a particular maturity ("Depository Bonds"), registered in the nominee name of The Depository Trust Company, New York, New York, its successors and assigns, or a substitute depository as provided below (the "Depository"). So long as the Bonds are held by the Depository, the Registrar shall comply with the provisions of the Blanket Letter of Representations executed and delivered to the Depository.

(a) Upon (i) a determination by the Issuer that the Depository is no longer able to carry out its functions or its otherwise determined unsatisfactory by the Issuer in its sole discretion, or (ii) a determination by the Registrar that the Depository has resigned or discontinued its services for the Bonds, the Issuer shall either provide for the exchange of Depository Bonds for Bonds in the denominations provided in Section 1.04.

(b) If the Issuer determines to provide for the exchange of Depository Bonds for Bonds in the denominations provided in Section 1.04, the Issuer shall so notify the Registrar and shall provide the Registrar with a supply of executed unauthenticated bonds to be so exchanged. The Registrar shall thereupon notify the owners of the Bonds and provide for such exchange.

(c) Any substitute depository shall be a "clearing corporation" as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and shall be a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended. The substitute depository shall provide for (i) immobilization of the Depository Bonds, (ii) registration and transfers of beneficial ownership of interests in the Depository Bonds by book entries made on records of the Depository and participating entities, and (iii) payment of principal of, premium, if any, and interest on the Depository Bonds to the beneficial owners thereof through its participating entities.

(d) With respect to Depository Bonds, the Registrar, Transfer Agent and Paying Agent shall have no responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the "Participants"), or to any other person on behalf of whom 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 the Depository 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, of (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.

Section 3.     Execution and Delivery.

3.01     The Bonds shall be executed by the respective manual or facsimile signatures of the Mayor and City Administrator of the Issuer as set forth in the form of Bond. The seal of the Issuer shall be omitted from the Bonds as permitted by law. When said Bonds shall have been duly executed and authenticated by the Registrar in accordance with this Resolution, the same shall be delivered to the Depository upon payment of the purchase price, and the receipt of the City Finance Director of the Issuer delivered to the Purchaser thereof shall be a full acquittance; and the Purchaser shall not be bound to see to the application of the purchase money. The Bonds shall not be valid for any purpose until authenticated by the Registrar.

3.02     Unless litigation shall have been commenced and be pending questioning the Bonds, revenues pledged for payments of the Bonds, or the organization of the Issuer or incumbency of its officers, at the closing, the Mayor and City Administrator of the Issuer shall execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and a certificate as to payment for and delivery of the Bonds, together with the arbitrage certificate referred to below and the approving legal opinion of Best & Flanagan LLP as to the validity and enforceability of the Bonds and the exclusion of interest on the Bonds from gross income for purposes of federal and Minnesota income taxation.

3.03     The Official Statement relating to the Bonds, on file with the City Administrator at the time of this meeting, is hereby approved. If such officers find the same to be accurate, the Mayor and City Administrator are authorized and directed to furnish to the Purchaser at the closing a certificate stating that, to the best knowledge of such officers, the Official Statement does not, at the date of closing, and did not, at the time of sale of the Bonds, contain any untrue statement of a material fact or omit to state any material circumstances under which they were made, not misleading.

Section 4.     Use of Proceeds.

4.01     The proceeds of the Bonds are irrevocably appropriated for the purposes set forth herein for the provision of long term financing for the acquisition and construction of the Improvements. The City Finance Director is hereby authorized and directed, simultaneously with the delivery of the Bonds, (i) to create a separate fund designated the "Project Fund" with a separate "Eagle Point Account" and a separate "50<sup>th</sup> Street Account", (ii) to deposit \$1,060,182 from the proceeds of the Bonds, \$310,000 of available Issuer funds and \$58,976 of developer fees into the Project Fund, of which \$834,402.50 shall be deposited to the Eagle Point Account and \$594,755.50 shall be deposited to the 50<sup>th</sup> Street Account, (iii) to deposit \$1,207.78 from the proceeds of the Bonds in the Debt Service Fund created in Section 5.01 below, and (iv) shall invest the funds so deposited in securities authorized for such purpose by Minnesota Statutes, Chapter 118A. The

accounts in the Project Fund shall be credited, respectively, with any special assessments levied with respect to the respective Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the accounts in the Project Fund there shall be paid all costs and expenses of constructing the respective Improvements and providing long term financing for the Improvements and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. The moneys in the Project Fund shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of receipt of municipal state-aid funds pursuant to Minnesota Statutes, Chapter 162 and of commencement of the collection of special assessments herein levied or covenanted to be levied. Any special assessments credited to the Project Fund shall only be applied toward payment of the costs of the Improvements upon adoption of a resolution by the Council determining that the application of the special assessments for such purpose will not cause the Issuer to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1. Upon issuance of the Bonds, the City Finance Director is hereby directed to use proceeds in the Project Fund to pay the costs of constructing the Improvements and costs of issuance of the Bonds. Immediately upon issuance of the Bonds, the Issuer shall pay from the Project Fund all costs of issuance, including, but not limited to bond counsel fees to Best & Flanagan LLP. Prior to and including October 1, 2004 investment earnings on the Project Fund shall be deposited in the Debt Service Fund to pay interest due on the Bonds. On October 1, 2004, amounts remaining in the Project Fund shall be transferred to the Debt Service Fund established in Section 5.01 hereof or may be transferred by the Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 162 or Chapter 429.

Section 5. Debt Service Fund, Pledge of General Obligation and Special Assessments.

5.01 All of the Bonds shall be payable from a separate City of Lake Elmo General Obligation State-Aid and Improvement Bonds Debt Service Fund (the "Debt Service Fund") which shall be created and maintained on the books of the Issuer until the Bonds, and all interest thereon, are fully paid. All investment earnings on the Project Fund and the Debt Service Fund, and, all excess amounts under the Project Fund transferred pursuant to Section 4.01 hereof are pledged to the Debt Service Fund. All moneys allotted or to be allotted to the Issuer from its account in the municipal state-aid street fund under Minnesota Statutes, Chapter 162 are hereby pledged and appropriated to the Debt Service Fund. The State-Aid Bonds shall be issued such that the average annual amount of principal and interest due in all subsequent calendar years on the State-Aid Bonds, and any other state-aid bonds of the Issuer currently outstanding, shall not exceed fifty percent (50%) of the amount of the last annual allotment preceding this bond issuance received by the Issuer from the construction account in the municipal state-aid street fund. All interest on the State-Aid Bonds shall be paid from deposits made to the Debt Service Fund from the Issuer's normal maintenance account in the municipal state-aid street fund.

All collections of special assessments herein covenanted to be levied with respect to the Improvements and either initially credited to the accounts in the Project Fund and not already spent as permitted above and required to pay any principal and interest due on the Bonds or collected subsequent to the completion of the Improvements and payment of the costs thereof, and any collections of all taxes which may hereafter be levied in the event that the special assessments

pledged to the payment of the principal and interest on the Bonds are insufficient therefor, are hereby pledged and shall be credited to the Debt Service Fund.

There is appropriated to the Debt Service Fund all capitalized interest financed from Bond proceeds, if any, any amount over the minimum purchase price of the Bonds paid by the Purchaser and all accrued interest paid by the Purchaser upon closing and delivery of the Bonds.

5.02 The Issuer hereby covenants and agrees that for payment of the cost of that portion of the Improvements financed by the Improvement Bonds, it will do and perform all acts and things necessary for the full and valid levy of special assessments against all assessable lots, tracts and parcels of land benefited thereby and located within the areas proposed to be assessed therefor, based upon the benefits received by each such lot, tract or parcel, in an aggregate principal amount not less than twenty percent (20%) of the cost of that portion of the Improvements financed by the Improvement Bonds. In the event that any such assessment shall be at any time held invalid with respect to any lot, piece or parcel of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the Issuer or this Council or any of the Issuer's officers or employees, either in the making of such assessment or in the performance of any condition precedent thereto, the Issuer and this Council hereby covenant and agree that they will forthwith do all such further acts and take all such further proceedings as may be required by law to make such assessments a valid and binding lien upon such property. The Council presently estimates that the special assessments shall be in the principal amount of \$395,610 payable in not more than ten (10) installments, the first installment to be collectible with taxes during the year 2002. Deferred installments shall bear interest at a rate per annum determined by resolution of the Council at the time the assessments are actually levied.

At the time the assessments are in fact levied the Council shall, based on the then-current estimated collections of the assessments, make any adjustments in any ad valorem taxes required to be levied in order to assure that the Issuer continues to be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

5.03. The municipal state-aid, special assessments and ad valorem taxes to be levied are such that if collected in full they, together with estimated collections of any other revenues herein pledged for the payment of the Bonds, will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds.

5.04 In order to ensure compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations, the City Clerk of the Issuer, upon allocation of any funds to the Debt Service Fund, shall ascertain the balance then on hand in the Debt Service Fund. If it exceeds the amount of principal and interest on the Bonds to become due and payable through October 1 next following, plus a reasonable carryover equal to not more than 1/12th of the debt service due in the following bond year, said excess shall (unless an opinion is otherwise received from bond counsel) be used to purchase Bonds, or invested at a yield which does not exceed the yield on the Bonds calculated in accordance with Section 148 of the Code.



5.05. 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 Issuer shall be and are irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the Issuer which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Fund when a sufficient balance is available therein. If moneys of the Issuer other than moneys received from the municipal state-aid street fund, are used for payment of the State-Aid Bonds, the moneys so used shall be restored to the appropriate fund from the moneys next received by the Issuer from the construction or maintenance account in the municipal state-aid street fund that are not otherwise required to be deposited to the Debt Service Fund.

5.06. 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 holders 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 paying agent 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 paying agent a sum sufficient for the payment thereof in full with interest accrued 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 general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal and interest to become due thereon to maturity.

#### Section 6. Miscellaneous.

6.01 The Issuer covenants and agrees with the Purchaser and holders of the Bonds that the investment of proceeds of the Bonds, including the investment of any revenues pledged to the Bonds which are considered proceeds under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the Bonds shall not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the Issuer hereby certifies that it is not expected that the proceeds of the Bonds will be used in such manner as to cause the Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and City Clerk shall furnish an arbitrage certificate to the Purchaser embracing or based on the foregoing certification at the time of delivery of the Bonds to the Purchaser. The proceeds of the Bonds will likewise be used in such manner that the Bonds are not private activity bonds under Section 141 of the Code.

6.02 The Issuer hereby designates the bonds as "Qualified Tax Exempt Obligations" within the meaning of Section 265(b) of the Code. With respect to such designation, the Issuer covenants that it does not reasonably anticipate issuing governmental or qualified 501(c)(3) obligations in an aggregate amount greater than \$10,000,000 in calendar year 2001.

6.03 The City Clerk is hereby authorized and directed to certify a copy of this Resolution and to cause the same to be filed in the office of the Washington County Auditor, together with such other information as such officer may require, and to obtain from such officer a certificate that the Bonds have been entered upon his/her bond register.

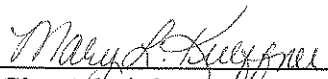
6.04 The Issuer covenants that it will file with the Internal Revenue Service the information required under Section 149(e) of the Code.

6.05 The officers of the Issuer are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of all proceedings and records of the Issuer relating to the power and authority of the Issuer to issue the Bonds within their knowledge or as shown by the books and records in their custody and control, and such certified copies and certificates shall be deemed representations of the Issuer as to the facts stated therein.

Adopted this 24<sup>th</sup> day of September, 2001.

(SEAL)

  
\_\_\_\_\_  
Mayor

Attest:   
\_\_\_\_\_  
City Administrator

013546/202494/163497\_2

**EXHIBIT A**

**(Form of Bonds)**

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF WASHINGTON  
CITY OF LAKE ELMO**

No. R-

\$ \_\_\_\_\_

**GENERAL OBLIGATION STATE-AID AND IMPROVEMENTS BONDS  
SERIES 2001**

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		October 1, 2001	

Registered Owner:

Principal Amount:

The City of Lake Elmo, Minnesota (the "Issuer"), for value received, hereby certifies that it is indebted and hereby promises to pay to the Registered Owner specified above or registered assigns, the principal amount specified above on the maturity date specified above, upon the presentation and surrender hereof, and to pay to the registered owner hereof interest on such principal sum at the interest rate specified above from October 1, 2001 or from the most recent interest payment date to which interest has been paid or duly provided for as specified below, on February 1 and August 1 of each year, commencing August, 2002, until said principal sum is paid.

Principal is payable in lawful money of the United States of America at the office of U.S. Bank Trust National Association, St. Paul, Minnesota, as Registrar, Transfer Agent and Paying Agent, or at the offices of such successor agent as the Issuer may designate upon 60 days notice to the registered owners at their registered address (the "Registrar"). Interest shall be paid on each February 1 and August 1 by check or draft of the Registrar mailed the last business day prior to the interest payment date to the person in whose name this Bond is registered at the close of business on the preceding January 15 or July 15 (whether or not a business day) at his or her address set forth on the bond register maintained by the Registrar. Any such interest not punctually paid or provided for will be paid to the person in whose name this Bond is registered at the close of business on a special record date established by the Registrar for the payment of such defaulted interest.

This Bond is one of a series of Bonds in the aggregate principal amount of One Million Eighty Thousand Dollars (\$1,080,000) of like date and tenor except for number, interest rate, denomination, and date of maturity, and is issued for the purpose of providing funds to finance the

acquisition and construction of local street improvements (the "Improvements") located in the City of Lake Elmo, Minnesota (the "City"), and is issued pursuant to an authorizing resolution (the "Resolution") adopted by the City Council of the Issuer on September 24, 2001, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 162, 429 and 475. The principal hereof and interest hereon are payable primarily from investment earnings on the Bonds, municipal state-aid and revenues from special assessment levies on the property which shall be specially benefited by that portion of the Improvements financed by the Improvement Bonds 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 Issuer are irrevocably pledged for payment of this Bond and the City Council of the Issuer has obligated itself to levy ad valorem taxes on all taxable property in the Issuer in the event of any deficiency of the revenues pledged, which taxes may be levied, without limitation as to rate or amount. The Bonds, and the interest thereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, other than the Issuer to the extent set forth in the Resolution.

The Bonds of this series are issuable only as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount maturing in any one year. As provided in the Resolution and subject to certain limitations therein set forth, the Bonds of this series are exchangeable for a like aggregate principal amount of Bonds of this series of a different authorized denomination, as requested by the registered owner or his or her duly authorized attorney, upon surrender thereof to the Registrar.

The Bonds maturing on February 1, 2017 are subject to mandatory sinking fund redemption at a price of par and accrued interest at the times and in the amounts set forth below:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2015	\$70,000
February 1, 2016	75,000
February 1, 2017*	75,000

\*Stated Maturity

At the option of the Issuer, the Bonds shall also be subject to call and to prior payment on February 1, 2008 or any date thereafter at a price of par and accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the Bonds remaining unpaid to be prepaid shall be at the discretion of the Issuer. If only part of the Bonds having a common maturity date are called for prepayment, the Issuer 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 interest in such maturity to be redeemed. Notice of such call shall be given by mailing a notice thereof by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

As provided in the Resolution, and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Issuer kept for that purpose at the principal office of the Registrar, by the registered owner hereof in person or by such owner's attorney duly authorized in writing, upon presentation of a written instrument of transfer satisfactory to the Registrar, duly-executed by the registered owner or such owner's duly authorized attorney. Upon such transfer and the payment of any tax, fee or governmental charge required to be paid by the Issuer or the Registrar with respect to such transfer, there will be issued in the name of the transferee a new Bond or Bonds of the same aggregate principal amount as the surrendered Bond.

The Issuer has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

It is hereby Certified and Recited 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 in order to make this Bond a valid and binding general obligation of the Issuer according to its terms, have been done, do exist, have happened and have been performed in due form, time and manner as so required; that the Bonds are payable from a separate debt sinking fund of the Issuer, and other funds which have been appropriated to such fund; that, in the event special assessment levies are insufficient, ad valorem taxes will be levied upon all taxable property in the Issuer for payment of principal of and interest on the Bonds of this series 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 until the Certificate of Authentication hereon shall have been manually signed by a person authorized to sign on behalf of the Registrar.

IN WITNESS WHEREOF, the City of Lake Elmo, Minnesota has caused this Bond to be executed with the manual or facsimile signatures of its Mayor and City Administrator, both as of the Date of Original Issue specified above.

Dated: October 1, 2001.

CITY OF LAKE ELMO, MINNESOTA

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
City Administrator

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within mentioned Resolution.

\_\_\_\_\_

By: \_\_\_\_\_

Bond Registrar

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

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(Please Print or Typewrite Name and Address of Transferee. Include information for all joint owners if the Bond is held by joint account.)

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: \_\_\_\_\_.

Signature Guaranteed by:

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

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Notice: The signature(s) on this assignment must correspond with the name(s) appearing on the face of this Bond in every particular, without alteration or any change whatever.

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Please Insert Social Security Number or other Identifying

013546/202494/163497\_2