

CITY OF LAKE ELMO, MINNESOTA

RESOLUTION NO. 2002-031

APPROVING AND RATIFYING THE TERMS OF A \$500,000 INTERNAL  
LOAN IN CONNECTION WITH THE CITY'S WATER FUND

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

Section 1. Background.

1.01. The City has heretofore created a water fund (the "Water Fund") pursuant to Minnesota Statutes, Chapter 444 (the "Act") for the purpose of financing expenditures authorized by the Act (the "Facilities").

1.02. The City intends to incur approximately \$1,200,000 in construction costs for expenditures authorized by the Act (the "Improvements") and to pay for the costs of the Improvements from revenues derived from operation of the Facilities.

1.03. The City is issuing bonds (the "Bonds") pursuant to the Act to pay for \$730,000 of the costs of the Improvements.

1.04. The City intends to pay for the remaining \$500,000 in Improvement costs by using monies in the City's general fund (the "General Fund") with the intention of reimbursing the General Fund with revenues derived from operation of the Facilities.

Section 2. Terms of Loan.

2.01. The City hereby determines that \$500,000 in the General Fund shall be loaned to the Water Fund to pay for a portion of the Improvement costs (the "Loan"), with no interest accruing on the Loan.

2.02. "Net Revenues" of the Facilities (hereby defined as gross revenues of the Facilities, less all normal and reasonable expenses of current operations of the Facilities) shall be used to repay the Loan at such times as such revenues are available to make such payments. It is currently anticipated that the Loan will be repaid on or before Dec 31, 2007, but this date is an estimate only and in no way shall restrict the City's ability to determine in its sole discretion when and in what amounts Loan repayments should be made.

2.03. The Loan is hereby subordinated to the Bonds, to any other bonds or other instrument issued to finance maintenance, improvements, or repairs to the Facilities, and may be further subordinated as the City in its sole discretion deems appropriate.

2.04. The City may, but is under no obligation to, undertake to impose charges of any kind or to take any other action to ensure that net revenues from the Facilities, or any other source of funds, is adequate to repay the Loan.

2.05. In no case shall the City's actions pursuant to this Resolution or otherwise with reference to the Loan be deemed to create any right in any third-party or to in any way require that the City impose any tax, charge, or other means of collecting revenue for the purpose of repaying the Loan.

2.06. The City's staff and consultants are authorized and directed to take such steps as appropriate to implement the terms of this Resolution.

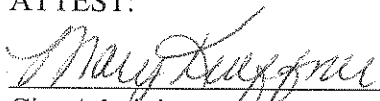
Section 3. Effective Date. This resolution is effective upon the date of its approval

Adopted this 7th day of May, 2002.

  
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Mayor

ATTEST:

  
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City Administrator