

Extract of Minutes of Meeting
of the City Council of the City of
Lake Elmo, Washington County, 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 in the City Hall in said City on Tuesday, April 16, 2002, commencing at 7:00 o'clock P.M.

The following members were present: Mayor Hunt, and Council members Armstrong, DeLapp, Siedow, and Dunn

and the following were absent: None

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The Mayor announced that the next order of business was consideration of a proposal for the purchase of \$340,000 General Obligation Improvement Bonds, Series 2002A of the City.

The City Administrator presented an offer of Juran & Moody, a division of Miller Johnson Steichen Kinnard Investment Securities, Inc. to purchase the Bonds that had been submitted to the City pursuant to Council direction.

After due consideration of the proposal, Member DeLapp then introduced the following resolution, and moved its adoption:

RESOLUTION NO. 2002-024

A RESOLUTION AWARDING THE SALE OF \$340,000 GENERAL
OBLIGATION IMPROVEMENT BONDS, SERIES 2002A;
FIXING THEIR FORM AND SPECIFICATIONS;
DIRECTING THEIR EXECUTION AND DELIVERY;
AND PROVIDING FOR THEIR PAYMENT

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

Section 1. Sale of Bonds.

1.01. It is hereby determined that:

(a) the City is authorized by Minnesota Statutes, Section 429.091, Chapter 475 (Act), and Section 475.61, Subdivision 6 of the Act to issue and sell its general obligation bonds to redeem temporary bonds sold to finance certain public improvement costs;

(b) it is necessary and desirable that the City issue \$340,000 General Obligation Improvement Bonds, Series 2002A (Bonds) to redeem certain outstanding general obligations of the City;

(c) the outstanding bonds to be redeemed (Temporary Bonds) consist of the \$525,000 General Obligation Temporary Improvement Bonds, Series 1999A, dated July 1, 1999, of which \$525,000.00 in principal amount is currently outstanding and is callable on July 1, 2002.

1.02. The proposal of Juran & Moody, a division of Miller Johnson Steichen Kinnard Investment Securities, Inc. (Purchaser) to purchase \$340,000 General Obligation Improvement Bonds, Series 2002A (Bonds) of the City is determined to be a reasonable offer and is accepted, the proposal being to purchase the Bonds at a price of \$333,336.00 plus accrued interest to date of delivery, for Bonds bearing interest as follows:

<u>Year of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>
2003	2.85%	2008	4.10%
2004	3.10	2009	4.20
2005	3.50	2010	4.35
2006	3.75	2011	4.50
2007	3.95	2012	4.60

Net interest cost: 4.5911886%%

1.03. The City will forthwith issue and sell the Bonds pursuant to Minnesota Statutes, Chapter 475 (Act) in the total principal amount of \$340,000, originally dated May 1, 2002, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and which mature serially on January 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2003	\$35,000	2008	\$35,000
2004	30,000	2009	35,000
2005	30,000	2010	35,000
2006	30,000	2011	40,000
2007	30,000	2012	40,000

1.04. Optional Redemption. The City may elect on January 1, 2009, and on any day thereafter to prepay Bonds. 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 8 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 January 1 and July 1 of each year, commencing January 1, 2003, to the registered owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not that day is a business day.

2.03. Registration. The City will appoint, and will maintain, a bond registrar, transfer agent, authenticating agent and paying agent (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 fifteenth 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 the 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 registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and 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 the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar 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. 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) 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 Administrator 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 Finance Director

must transmit to the Registrar monies 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 Administrator and executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the 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 Administrator 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.

2.06. Temporary Bonds. The City may elect to deliver in lieu of printed definitive Bonds one or more typewritten temporary Bonds in substantially the form set forth in Section 3 with such changes as may be necessary to reflect more than one maturity in a single temporary bond. Upon the execution and delivery of definitive Bonds the temporary Bonds will be exchanged therefor and cancelled.

Section 3. Form of Bond.

3.01. The Bonds will be printed or typewritten in substantially the following form:

[Face of the Bond]

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

GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2002A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		May 1, 2002	

Registered Owner: Cede & Co.

The City of Lake Elmo, Minnesota, a duly organized and existing municipal corporation in Washington County, Minnesota (City), acknowledges itself to be indebted and for value received promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$_____ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable January 1 and July 1 in each year, commencing January 1, 2003, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by U.S. Bank National Association, St. Paul, Minnesota, as Bond 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 January 1, 2009, and on any day thereafter to prepay Bonds. 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 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.

The City Council has designated the issue of Bonds of which this Bond forms a part as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the Code) relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

This Bond is one of an issue in the aggregate principal amount of \$340,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on April 16, 2002 (the Resolution), for the purpose of providing money to redeem the outstanding principal amount of certain temporary general obligation bonds of the City, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 475.61 and 429.091, and the principal hereof and interest hereon are payable primarily from special assessments against property specially benefited by local improvements, 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 ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments 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 Bond Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the 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.

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed 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 exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

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

IN WITNESS WHEREOF, the City of Lake Elmo, Washington County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: _____

CITY OF LAKE ELMO, MINNESOTA

(Facsimile)
City Administrator

(Facsimile)
Mayor

CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Representative

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

TEN COM -- as tenants
in common

UNIF GIFT MIN ACT _____ Custodian _____
(Cust) (Minor)

TEN ENT -- as tenants
by entireties

under Uniform Gifts or
Transfers to Minors

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

Act
(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 Bond 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.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Officer of Registrar</u>
	Cede & Co. Federal ID #13-2555119	

3.02. The City Administrator 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. (a) The Bonds are payable from the General Obligation Improvement Bonds, Series 2002A Debt Service Fund (Debt Service Fund) hereby created, and the proceeds of special assessments (Assessments) levied for improvements financed by the Temporary Bonds (Improvements) are hereby pledged to the Debt Service Fund.

(b) The debt service fund, if any, heretofore established for the Temporary Bonds as defined in the resolution providing for the issuance and sale of the Bonds, is terminated, and all monies therein are hereby transferred to the Debt Service Fund herein created. If a payment of principal or interest on the Bonds becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the City Finance Director will pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for those advances out of the proceeds of the Taxes levied by this resolution, and Assessments when collected.

(c) There is hereby appropriated to the Debt Service Fund (i) capitalized interest financed from Bond proceeds, if any, (ii) any amount over the

minimum purchase price of the Bonds paid by the Purchaser and (iii) the accrued interest paid by the Purchaser upon closing and delivery of the Bonds.

4.02. It is determined that estimated collection of Assessments and interest thereon for the payment of principal and interest on the Bonds will produce at least five percent in excess of the amount needed to meet when due, the principal and interest payments on the Bonds and that no tax levy is needed at this time.

4.03. The County Auditor is 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.]

4.04. It is hereby determined that the Improvements financed by the Bonds will directly and indirectly benefit the abutting property, and the City hereby covenants with the holders from time to time of the Bonds as follows:

(a) The City has levied Assessments for the improvements and has taken all steps necessary to assure prompt collection thereof. The City Council has caused all actions and proceedings relative to the making and financing of the Improvements financed hereby to have been taken with due diligence that were required for the construction of each Improvement financed wholly or partly from the proceeds of the Bonds, and for the final and valid levy of the Assessments and the appropriation of any other funds needed to pay the 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 said current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing all receipts and disbursements in connection with the Improvements; Assessments levied therefor and other funds appropriated for their payment; all 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.

Section 5. Redemption; Findings; Redemption of Temporary Bonds.

5.01. The Temporary Bonds are the General Obligation Temporary Improvement Bonds, Series 1999A, of the City, dated July 1, 1999, of which \$525,000.00 in principal amount is callable on July 1, 2002. It is hereby found and determined that based upon information presently available from the City's financial advisers, the issuance of the Bonds is consistent with covenants made with the holders thereof.

5.02. It is hereby found and determined that the Proceeds will be sufficient to prepay all of the principal of, interest on and redemption premium (if any) on the Temporary Bonds.

5.03. The Temporary Bonds will be redeemed and prepaid on July 1, 2002. The Temporary Bonds will be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the forms of Notice of Call for Redemption attached hereto as Attachment B which terms and conditions are hereby approved and incorporated herein by reference. The Registrar for the Temporary Bonds is authorized and directed to send a copy of the Notice of Redemption to each registered holder of the Temporary Bonds.

5.04. When all Bonds and all interest thereon, have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the 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 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. 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 6. Authentication of Transcript.

6.01. 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.

6.02. It is determined that no official statement or prospectus has been prepared or circulated by the City in connection with the sale of the Bonds and that the Purchaser has made its own investigations concerning the City as set forth in an investment letter of even date, receipt of which is hereby acknowledged.

Section 7. Tax Covenant.

7.01. 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.

7.02. (a) The City will comply with 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 if the Bonds (together with other obligations reasonably expected to be issued in calendar year 2002) exceed the small-issuer exception amount of \$5,000,000.

(b) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the City finds, determines and declares that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities of the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(C) of the Code.

7.03. 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.

7.04. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(b) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2002 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2002 have been designated for purposes of Section 265(b)(3) of the Code.

7.05. 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 8. Book-Entry System; Limited Obligation of City.

8.01. 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 1.03 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Bond 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 Bond Registrar in the name of Cede & Co., as nominee of DTC.

8.02. With respect to Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, the City, the Bond 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 (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 Bond 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 Bond 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 Bond 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 Bond 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 Bond Registrar, will receive a certificated

Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Administrator 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 Administrator will promptly deliver a copy of the same to the Bond Registrar and Paying Agent.

8.03. Representation Letter. The form of Blanket Issuer Letter of Representations letter proposed to be submitted to DTC, which is on file with the City Administrator and presented to this meeting (Representation Letter), is hereby approved, and the City Administrator is authorized to execute and deliver the Representation Letter in substantially the form on file, with such changes therein not inconsistent with law as the City Administrator and the City Attorney may approve, which approval will be conclusively evidenced by the execution thereof. Any Paying Agent or Bond 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 Bond Registrar and Paying Agent, respectively, to be complied with at all times.

8.04. 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 Bond 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.

8.05. 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 9. Continuing Disclosure.

9.01. Participating underwriters need not comply with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), because the offering is in a principal amount less than \$1,000,000. Consequently, the City will not enter into any undertaking to provide continuing disclosure of any kind with respect to the Bonds.

The motion for the adoption of the foregoing resolution was duly seconded by Member Siedow, and upon vote being taken thereon, the following voted in favor thereof:

Hunt, Armstrong, DeLapp, Siedow, and Dunn

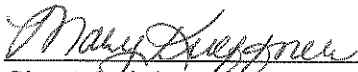
and the following voted against the same: None

whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
)
COUNTY OF WASHINGTON) SS.
)
CITY OF LAKE ELMO)

I, the undersigned, being the duly qualified and acting City Administrator of the City of Lake Elmo, Washington County, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on April 16, 2002 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of \$340,000 General Obligation Improvement Bonds, Series 2002A of the City.

WITNESS My hand officially as such City Administrator and the corporate seal of the City this 16th day of April, 2002.



City Administrator
Lake Elmo, Minnesota

(SEAL)

NOTICE OF CALL FOR REDEMPTION

\$525,000
GENERAL OBLIGATION TEMPORARY IMPROVEMENT BONDS, SERIES 1999A
CITY OF LAKE ELMO
WASHINGTON COUNTY, MINNESOTA

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

JULY 1, 2002

all outstanding bonds of the City designated as General Obligation Temporary Improvement Bonds, Series 1999A, dated July 1, 1999, having stated maturity date of July 1, 2002, totaling \$525,000.00 in principal amount, and with the following CUSIP numbers:

<u>Year</u>	<u>Amount</u>	<u>CUSIP</u>
2002	\$525,000	509624 EB4

The bonds are being called at a price of par plus accrued interest to July 1, 2002, 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 U.S. Bank National Association, in the City of St. Paul, Minnesota, on or before July 1, 2002.

If by mail:

U.S. Bank National Association
Corporate Trust Operations
P.O. Box 64111
St. Paul, MN 55164-0111

If by hand:

U.S. Bank National Association
180 East Fifth Street
3rd Floor - Bond Drop Window
St. Paul, MN 55101

In compliance with the Interest and Dividend Compliance Act of 1983 and Broker Reporting Requirements, the redeeming institution is required to withhold a specified percentage of the principal amount of your holdings redeemed unless they are provided with your social security number or federal employer identification number, properly certified. This Compliance

should be fulfilled through the submitting of a W-9 Form which may be obtained at a Bank or other Financial Institution.

The Registrar will not be responsible for the selection or use of the CUSIP number, nor is any representation made as to the correctness indicated in the Redemption Notice or on any Bond. It is included solely for convenience of the Holders.

Additional information may be obtained from:

U.S. Bank National Association
Corporate Trust Division
Bondholder Relations (612) 244-0444

Dated: April 16, 2002.

BY ORDER OF THE CITY COUNCIL

By Mary Kueffner
City Administrator
City of Lake Elmo, Minnesota