

ORIGINAL TO TOM B.

CERTIFICATION OF MINUTES RELATING TO
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

Issuer: City of Lake Elmo, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held April 7, 2009, at 7 o'clock P.M.,
at the City Hall, Lake Elmo, Minnesota.

Members present:

Mayor Johnston and Council Members DeLapp, Emmons, Park and Smith

Members absent:

Documents Attached:

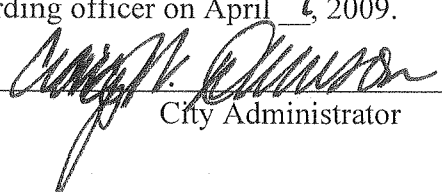
Minutes of said meeting (including):

RESOLUTION NO. 2009-012

RESOLUTION AUTHORIZING ISSUANCE, AWARDING
SALE, PRESCRIBING THE FORM AND DETAILS AND
PROVIDING FOR THE PAYMENT OF \$1,050,000 GENERAL
OBLIGATION REFUNDING BONDS, SERIES 2009A

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

WITNESS my hand officially as such recording officer on April 7, 2009.



City Administrator

REGULAR AGENDA:

Bond Refunding, Resolution No. 2009-012

On March 3 the City Council adopted a resolution authorizing the City Administrator and Finance Director to approve the sale and execute the purchase agreement for the bonds with Northland Securities, Inc. provided that the refunding results in total net savings of least \$60,000.

Paul Donna, Northland Securities, Inc., reported that the Chicago office of Standard & Poors, Inc gave the City an AA credit rating which is only two steps below the highest rating possible.

Staff recommended the Council adopt the resolution necessary to approve the issuance of the bonds refunding the City's 2001A and 2002B issues.

MOTION: Council Member Smith moved to approve Resolution No. 2009-012 issuance of bonds refunding the General Obligation State Aid Street Bonds, Series 2001A, and the General Obligation Water Revenue Bonds, Series 2002B. Council Member DeLapp seconded the motion. The motion passed 5-0.

Update from South Washington Watershed District (SWWD)

Matt Moore, Administrator of the South Washington Watershed District, informed the Council that the Lower St. Croix Watershed Management Organization has been discussing the possibility of dissolution and consolidating with either the SWWD or Valley Branch Watershed District. The Lower St. Croix WMO covers approximately 46 square miles.

The Lake Elmo Surface Water Management Plan is being reviewed and a decision will be made end of May by the SWWD.

PUBLIC HEARING: 2009 Street Improvements

Pursuant to Minnesota Statutes, Sections 429.011 to 429.111 a Public Improvement Hearing has been noticed for April 7, 2009 at 7:00 p.m. to consider making street improvements to the following street sections:

- Legion Avenue North (south of 30th Street for a length of 1,300 feet)
- Legion Lane North (the entire loop off Legion Avenue North for a length of 2,835 feet)
- Lisbon Avenue North
- Legion Lane Circle North
- Legion Lane Court North
- 21st Street North

CITY OF LAKE ELMO

WASHINGTON COUNTY

STATE OF MINNESOTA

RESOLUTION NO. 2009-012

A RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$1,050,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

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

Section 1. Authorization and Sale.

1.01. Authorization. By resolution adopted March 3, 2009, this Council has determined that it is in the best interests of the Issuer to issue its General Obligation Refunding Bonds, Series 2009A (the "Bonds") in the principal amount of \$1,050,000. The proceeds of the Bonds will be used, together with funds on hand as may be required, to (i) refund, in a current refunding on or about May 13, 2009, all or a portion of the Issuer's General Obligation State Aid and Improvement Bonds, Series 2001, dated, as originally issued, as of October 1, 2001 (the "Original Series 2001 Bonds") and maturing February 1 in the years 2010 through 2017 (the "Series 2001 Refunded Bonds"), (ii) refund, in a crossover refunding on December 1, 2009 (the "Crossover Date"), all or a portion of the Issuer's General Obligation Water Revenue Bonds, Series 2002B, dated, as originally issued, as of May 1, 2002 and maturing on December 1 in the years 2010 through 2021 (the "Series 2002 Refunded Bonds"; together with the Series 2001 Refunded Bonds, the "Refunded Bonds") and (iii) fund costs of issuance of the Bonds. The portion of the Original Series 2001 Bonds issued under Minnesota Statutes, Chapters 429 and 475 has matured. The portion of the Bonds allocable to the refunding of the Series 2001 Refunded Bonds is \$535,000 (the "2001 Refunding Bonds"). The portion of the Bonds allocable to the refunding of the Series 2002 Refunded Bonds is \$515,000 (the "2002 Refunding Bonds"). The Crossover Date is the earliest date on which the Series 2002 Refunded Bonds may be redeemed. The refunding of the Refunded Bonds is being carried out for the purpose described in Minnesota Statutes, Section 475.67, subdivision 3, section (b)(2)(i) and in compliance with Minnesota Statutes, Chapter 475.

1.02. Sale. Pursuant to Minnesota Statutes, Section 475.60, subdivision 2, paragraph (2), the requirements as to public sale do not apply to the issuance of the Bonds. A proposal has been received from Northland Securities, Inc., Minneapolis, Minnesota (the "Purchaser"). In accordance with the terms of offering for the Bonds, it is hereby determined to issue the Bonds in the principal amount of \$1,050,000 at a price of \$1,054,597 plus accrued interest of \$987.10, and upon the further terms and conditions set forth herein. The sale of the Bonds is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed to execute a contract on behalf of the Issuer for the sale of the Bonds in accordance with the terms of the proposal.

1.03. Savings. It is hereby determined that:

(a) by the issuance of the Series 2002 Refunding Bonds, the Issuer will realize a substantial interest rate reduction, a gross savings of approximately \$35,676.45 and a present value savings (using the yield on the Bonds, computed in accordance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), as the discount factor) of approximately \$29,191.81; and

(b) as of the Crossover Date, the sum of (i) the present value of the debt service on the Series 2002 Refunding Bonds, computed to their stated maturity dates, after deducting any premium, using the yield of the Bonds as the discount rate, plus (ii) any expenses of the refunding payable from a source other than the proceeds of the Series 2002 Refunding Bonds or investment earnings thereon, is lower by 5.260% (not less than 3%) than the present value of the debt service on the Series 2002 Refunded Bonds, exclusive of any premium, computed to their stated maturity dates, using the yield of the Bonds as the discount rate.

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

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

2.02. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of May 1, 2009, shall be in denominations of \$5,000 or any integral multiple thereof, of single maturities, shall mature on December 1 in the years and amounts stated below, and shall bear interest from the date of issue until paid or duly called for redemption at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2009	\$70,000	2.00%
2010	100,000	3.00
2011	100,000	3.00
2012	105,000	2.50
2013	105,000	3.00
2014	110,000	3.00
2015	110,000	3.50
2016	110,000	3.00
2019	140,000	3.45
2021	100,000	3.85

Of the Bond maturities referenced above, the following amounts are allocable to the Series 2001 Refunding Bonds:

<u>Year</u>	<u>Amount</u>
2009	\$70,000
2010	65,000
2011	60,000
2012	65,000
2013	65,000
2014	70,000
2015	70,000
2016	70,000

Of the Bond maturities referenced hereinabove, the following amounts are allocable to the Series 2002 Refunding Bonds:

<u>Year</u>	<u>Amount</u>
2010	35,000
2011	40,000
2012	40,000
2013	40,000
2014	40,000
2015	40,000
2016	40,000
2017	45,000
2018	45,000
2019	50,000
2020	50,000
2021	50,000

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that, so long as the Bonds are registered in the name of a securities depository or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. The interest on the Bonds shall be payable on December 1 and June 1 in each year, commencing December 1, 2009, to the owner of record thereof as of the close of business on the fifteenth day of the preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. Bonds maturing in 2018 and later years shall be subject to redemption and prepayment at the option of the Issuer, in whole or in part, in such order of maturity dates as the Issuer may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000, on December 1, 2017, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City Administrator shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty and not more than 60 days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

Bonds maturing on December 1, 2019 and 2021 (the "Term Bonds") shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on December 1 in each of the following years the following stated principal amounts of such Bonds:

Term Bonds Maturing December 1, 2019

<u>Year</u>	<u>Principal Amount</u>
2017	\$45,000
2018	45,000

The remaining \$50,000 stated principal amount of such Bonds shall be paid at maturity on December 1, 2019.

Term Bonds Maturing December 1, 2021

<u>Year</u>	<u>Principal Amount</u>
2020	\$50,000

The remaining \$50,000 stated principal amount of such Bonds shall be paid at maturity on December 1, 2021.

Notice of redemption shall be given as provided in the preceding paragraph.

2.05. Appointment of Initial Registrar. The Issuer hereby appoints Northland Trust Services, Inc., Minneapolis, Minnesota, as the initial bond registrar, transfer agent and

paying agent (the "Registrar"). The Mayor and City Administrator are authorized to execute and deliver, on behalf of the Issuer, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The Issuer agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Issuer reserves the right to remove the Registrar, effective upon not less than thirty days' written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

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

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

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

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

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

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The Issuer and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to any registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon Bond to the extent of the sum or sums so paid.

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

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the Issuer and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the Issuer. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

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

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the Issuer by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar.

Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the Issuer may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever, and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC’s Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and

discharge the Issuer's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the Issuer may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Issuer and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Mayor or City Administrator is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA

CITY OF LAKE ELMO

GENERAL OBLIGATION REFUNDING BOND, SERIES 2009A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
%	December 1, 20__	May 1, 2009	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

The City of Lake Elmo, State of Minnesota (the "Issuer") acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above, with interest thereon from the date of original issue specified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the annual rate specified above, payable on December 1 and June 1 in each year, commencing December 1, 2009, 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, all subject to the provisions referred to herein with respect to the redemption of this Bond before maturity. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. 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 Northland Trust Services, Inc., Minneapolis, Minnesota, as Bond Registrar and Paying Agent, or by other means of payment if 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 Issuer have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$1,050,000 (the "Bonds") issued pursuant to a resolution adopted by the City Council on April 7, 2009 (the "Resolution"), to provide funds to refund certain outstanding general obligation bonds of the Issuer and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 475. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

Bonds maturing in 2018 and later years shall be subject to redemption and prepayment at the option of the Issuer, in whole or in part, in such order of maturity dates as the Issuer may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000, on December 1, 2017, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The Issuer shall cause notice of the call for redemption thereof to be published as required by law, and at least thirty and not more than 60 days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds, at the holders' addresses as they appear on the bond register maintained by the Bond Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

Bonds maturing in the years 2019 and 2021 shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to the redemption date, without premium, on December 1 in each of the years shown below, in an amount equal to the following principal amounts:

<u>Term Bonds Maturing in 2019</u>		<u>Term Bonds Maturing in 2021</u>	
<u>Sinking Fund Payment Date</u>	<u>Aggregate Principal Amount</u>	<u>Sinking Fund Payment Date</u>	<u>Aggregate Principal Amount</u>
2017	\$45,000	2020	\$50,000
2018	45,000	2021*	50,000
2019*	50,000		

*maturity

Notice of redemption shall be given as provided in the preceding paragraph.

Bonds in the principal amount of \$525,000 have been deemed designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. The remaining \$525,000 in principal amount of bonds have been designated by the Issuer as “qualified tax-exempt obligations.”

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

Notwithstanding any other provision of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or such other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Issuer.

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that the Issuer has established its General Obligation Refunding Bonds, Series 2009A Bond Fund and has appropriated thereto certain earnings from the escrow account established for a portion of the refunding, allotments to be received by the Issuer from its account in the Municipal State-Aid Street Fund of the State of Minnesota, net revenues of the municipal water utility system and ad valorem taxes heretofore duly levied on all taxable property in the City, which are estimated to be receivable in years and amounts not less than five percent in excess of the principal of and interest on the Bonds when due; that if necessary for the payment of such principal and interest when due, additional ad valorem taxes are required to be levied upon all taxable property in the Issuer, without limitation as to rate or amount and that the issuance of this Bond, together with all other indebtedness of the Issuer outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation of indebtedness.

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

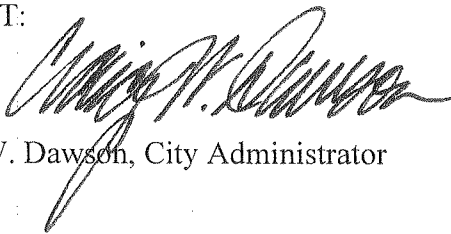
IN WITNESS WHEREOF, the Issuer, by its City Council, has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

ADOPTED by the Lake Elmo City Council on April 7, 2009.



Dean A. Johnston, Mayor

ATTEST:



Craig W. Dawson, City Administrator

(b) \$ _____ shall be applied as described in an Escrow Agreement relating to the Series 2002 Refunded Bonds (the "Escrow Agreement") between the Issuer and Northland Trust Services, Inc. (the "Escrow Agent"); (c) \$ _____ shall be used to pay issuance expenses of the Bonds; and (d) \$ _____ shall be deposited in the Bond Fund created pursuant to Section 4.01 hereof. The funds deposited in escrow shall be invested in securities authorized for such purpose by Minnesota Statutes, Section 475.67, subdivision 8 (as directed by Section 475.67, subdivision 13 thereof), maturing on such dates and bearing interest at such rates as are required to provide funds sufficient, with cash retained in the escrow account, to pay all interest to become due on the Series 2002 Refunding Bonds to and including the Crossover Date and to pay and redeem the Series 2002 Refunded Bonds on the Crossover Date (and the amounts in such account are irrevocably appropriated to such purpose). The Mayor and City Administrator are hereby authorized to enter into an Escrow Agreement with the Escrow Agent establishing the terms and conditions for the escrow account in accordance with Minnesota Statutes, Section 475.67.

Section 4. General Obligation Refunding Bonds, Series 2009A Bond Fund and Pledge of Taxing Powers and Revenues.

4.01. General Obligation Refunding Bonds, Series 2009A Bond Fund. The Bonds shall be payable from a separate and special General Obligation Refunding Bonds, Series 2009A Bond Fund (the "Bond Fund") of the Issuer, which the Issuer agrees to maintain until the Bonds have been paid in full. If the money in the Bond Fund should at any time be insufficient to pay principal and interest due on the Bonds, such amounts shall be paid from other moneys on hand in other funds of the Issuer, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The moneys on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. Into the Bond Fund shall be paid: (a) any accrued interest and unused discount received from the Purchaser upon delivery of the Bonds; (b) subsequent to the Crossover Date, all municipal water utility system revenues collected in accordance with Section 4.03 hereof and all ad valorem taxes with respect to the Series 2002 Refunded Bonds collected as specified in Section 4.02; (c) all receipts of principal and interests on the investments held in the escrow account established pursuant to the Escrow Agreement to and including the Crossover Date (other than the sum of \$ _____ received from maturing investments on the Crossover Date to be used to retire the Series 2002 Refunded Bonds); (d) 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 and (e) any other funds appropriated by the Council for the payment of the Bonds. All interest due on the Series 2001 Refunding Bonds shall be paid from deposits made to the Bond Fund from the Issuer's normal maintenance account in the municipal state aid street fund.

4.02. Pledge of Taxing Powers. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the Issuer shall be and are hereby irrevocably pledged. In order to produce aggregate amounts which, together with the collections of other amounts as set forth in Section 4.01, will produce amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, ad valorem taxes have previously been levied on all taxable property in the Issuer. The taxes will be levied and collected in years and amounts shown on the attached levy computation. Said taxes shall be irrepealable as long as

any of the Bonds are outstanding and unpaid, provided that the Issuer reserves the right and power to reduce said levies in accordance with the provisions of Minnesota Statutes, Section 475.61.

4.03. Sufficiency of Revenues. It is hereby found, determined and declared that the Issuer owns and operates the municipal water utility system (the "System") as a revenue-producing utility and convenience and that the net operating revenues of the System, after deducting from the gross receipts derived from charges for the service, use and availability of the System the normal, current and reasonable expenses of operation and maintenance thereof, will be sufficient, together with any other funds actually appropriated by the Issuer, for the payment when due of the principal of and interest on the Bonds herein authorized, and on any other bonds to which such revenues are pledged.

4.04. Rate Covenant. Pursuant to Minnesota Statutes, Section 444.075, the Issuer hereby covenants and agrees with the registered owners from time to time of the Bonds, that until the Bonds and the interest thereon are paid in full, or are discharged as provided in Section 5, the Issuer will impose and collect reasonable charges for the service, use and availability of the System according to schedules which will produce net revenues sufficient, with any other funds appropriated by the Issuer, to pay all principal and interest when due on the Bonds and any other bonds to which said net revenues have been pledged; and said net revenues, to the extent necessary, are hereby irrevocably pledged and appropriated to the payment of the Bonds. Nothing herein shall preclude the Issuer from hereafter making further pledges and appropriations of the net revenues of the System for payment of additional obligations of the Issuer hereafter authorized if the governing body of the issuing entity determines before the authorization of such additional obligations that the estimated net revenues of the System will be sufficient, together with any other sources pledged to the payment of the outstanding and additional obligations, for payment of the outstanding bonds and such additional obligations. Such further pledges and appropriations of said net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein made.

Section 5. Defeasance. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of the Bonds shall cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity.

Section 6. Tax Covenants; Arbitrage Matters and Continuing Disclosure.

6.01. General Tax Covenant. The Issuer covenants and agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. The Issuer has not and will not enter into any lease, management contract, operating agreement, use agreement or other contract relating to the use or operation of the facilities refinanced by the Bonds, or any portion thereof, or security for the payment of the Bonds which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

6.02. Certification. The Mayor and City Administrator being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and applicable Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and Regulations.

6.03. Arbitrage Rebate. It is hereby found that the Issuer has general taxing powers, that no Bond is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer, and that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Issuer and all subordinate entities thereof during the year 2009 is not reasonably expected to exceed \$5,000,000. Therefore, pursuant to Section 148(f)(4)(D) of the Code, the Issuer shall not be required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

6.04. Qualified Tax-Exempt Obligations. It is hereby determined that the portion of the Bonds which is equal to the outstanding principal amount of the Series 2001 Refunded Bonds, \$525,000, is deemed designated as "qualified tax-exempt obligations" as provided in Section 265(b)(3)(D) of the Code, since:

(a) the Series 2001 Refunded Bonds, when issued, were designated by the Issuer as qualified tax-exempt obligations under Section 265(b) of the Code;

(b) the aggregate face amount of the issue of which the Bonds are a part does not exceed \$30,000,000;

(c) the weighted average maturity of the Series 2001 Refunding Bonds does not exceed the remaining weighted average maturity of the Series 2001 Refunded Bonds; and

(d) no Series 2001 Refunding Bond has a maturity date which is later than thirty (30) years after the date of issuance of the Series 2001 Refunded Bonds.

The City Council hereby designates the remaining \$545,000 in principal amount of Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, and hereby

finds that the reasonably anticipated amount of tax-exempt obligations which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) and are not excluded from this calculation by Section 265(b)(3)(C)(ii) of the Code which will be issued by the Issuer and all subordinate entities during calendar year 2009 does not exceed \$30,000,000.

6.05. Continuing Disclosure. (a) Limited Exemption from Rule. The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (as in effect and interpreted from time to time, the "Rule") which govern the obligations of certain underwriters to require that issuers of municipal Bonds enter into contracts for the benefit of the Bondholders to provide continuing disclosure with respect to the Bonds. This City Council hereby finds, determines and declares that the Bonds are exempt from the application of paragraph (b)(5) of the Rule by reason of the exemption granted in paragraph (d)(2) thereof. Specifically, this City Council hereby finds that the only "obligated person" (within the meaning of the Rule) with respect to the Bonds is the Issuer and that, giving effect to the issuance of the Bonds and any other securities required to be integrated with the Bonds, there will be no more than \$10 million in principal amount of municipal securities outstanding on the date of issuance of the Bonds as to which the Issuer is an obligated person (excluding municipal securities exempt from the Rule under paragraph (d)(1) thereof because, among other things, they were issued in minimum denominations of \$100,000). In making such finding, the Issuer hereby represents that it has not issued within the six months before the date of issuance of the Bonds and that it reasonably expects that it will not issue within six months after the date of issuance of the Bonds, other securities of the Issuer of substantially the same security and providing financing for the same general purpose or purposes as the Bonds. The exemption from the Rule for the Bonds is conditioned upon the Issuer agreeing to provide certain continuing disclosure as hereinafter provided. The Issuer has complied in all material respects with any undertaking previously entered into by it under the Rule.

(b) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of the Rule, which will enhance the marketability of the Bonds, the Issuer hereby makes the covenants and agreements contained in this section for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. If the Issuer fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for specific performance or a writ of mandamus. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, "Owner" or "Bondowner" means, in respect of a Bond, the registered owner or owners thereof appearing in the Bond register maintained by the Registrar or any "Beneficial Owner" (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, "Beneficial Owner" means, in respect of a Bond, any person or entity which (i) has the

power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(c) Information To Be Disclosed. The Issuer will provide, either directly or indirectly through an agent designated by the Issuer, the following information at the following times in an appropriate manner:

(1) At least annually to the state information depository then designated or operated by the State of Minnesota (the "State Depository"), if any, or, if no State Depository then exists, to any person or entity upon request, the information (the "Disclosure Information") in the Issuer's audited financial statements, which shall be for the most recent fiscal year of the Issuer (if in response to a request, the most recent fiscal year ending not less than 365 days before the date of the request), and, for other such information, the information most recently compiled by the Issuer on a customary basis and publicly available under applicable data privacy or other laws.

Requests for Disclosure Information should be directed to:

City Administrator
City of Lake Elmo
3800 Laverne Avenue North
Lake Elmo, MN 55042
Telephone: (651) 777-5510

Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to each then nationally recognized municipal securities information repository under the Rule or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference. If the Disclosure Information is changed because it is no longer compiled or publicly available or this paragraph (c)(1) is amended as permitted by subsection (d), then the Issuer shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of information provided.

(2) In a timely manner, to the Municipal Securities Rulemaking Board and to the State Depository, if any, notice of the occurrence of any of the following events which is a Material Fact (as hereinafter defined):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;

- (F) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (G) Modifications to rights of security holders;
- (H) Bond calls;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities; and
- (K) Rating changes.

As used herein, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a “Material Fact” is also an event that would be deemed “material” for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, to the Municipal Securities Rulemaking Board and to the State Depository, if any, notice of the occurrence of any of the following events or conditions:

- (A) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement; and
- (B) the termination of the obligations of the Issuer under this section pursuant to subsection (d);
- (C) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (D) any change in the fiscal year of the Issuer.

(d) Term; Amendments; Interpretation. The covenants of the Issuer in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the Issuer under this section shall terminate and be without further effect as of any date on which the Issuer delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the Issuer to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof. This section may be amended or supplemented by the Issuer from time to time, without notice to or the consent of the Owners of any Bonds, by a resolution of this City Council filed in the office of the recording officer of the Issuer accompanied by an opinion of Bond Counsel, who may rely on certificates of the Issuer and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the Issuer or the

type of operations conducted by the Issuer, or (b) is required by, or better complies with, the provisions of paragraph (d)(2) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (d)(2) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule. This section is entered into to comply with, and should be construed so as to satisfy the requirements of, paragraph (d)(2) of the Rule.

Section 7. Certification of Proceedings and Redemption of Refunded Bonds.

7.01. Registration of Bonds. The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Washington County and obtain a certificate that the Bonds have been duly entered upon the County Auditor's bond register and the tax required by law has been levied.

7.02. Authentication of Transcript. The officers of the Issuer and the County Auditor are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the Issuer as to the correctness of all statements contained therein.

7.03. Redemption of Refunded Bonds. The Finance Director is hereby directed to advise U.S. Bank National Association, in St. Paul, Minnesota, as paying agent for the Refunded Bonds, to call the Refunded Bonds for redemption and prepayment on the respective redemption dates using the form attached hereto, all in accordance with the provisions of the resolutions authorizing the issuance of the Refunded Bonds.

Upon vote being taken thereon, the following voted in favor thereof:

Mayor Johnston and Council Members DeLapp, Emmons, Park and Smith
and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

NOTICE OF REDEMPTION

\$1,080,000 General Obligation State Aid and Improvement Bonds, Series 2001
Dated as of October 1, 2001
City of Lake Elmo, Minnesota

NOTICE IS HEREBY GIVEN THAT there have been called for redemption and prepayment on May 12, 2009, all outstanding Bonds of the above-referenced issue, dated, as originally issued, as of October 1, 2001, maturing February 1 in the following years and having the interest rates listed below:

<u>Maturity</u>	<u>Amount</u>	<u>CUSIP #</u>	<u>Rate</u>
2010	\$55,000	*	4.25%
2011	60,000	*	4.40
2012	60,000	*	4.50
2013	65,000	*	4.65
2014	65,000	*	4.80
2017	220,000	*	4.90

*Indicates full call.

The Bonds will be redeemed at a price of 100% of their principal amount plus accrued interest to the date of redemption. Holders of the Bonds should present them for payment to U.S. Bank National Association, St. Paul, Minnesota, successor to U.S. Bank Trust National Association, on or before said date, when they will cease to bear interest, in the following manner:

If by Mail:

U.S. Bank National Association
Corporate Trust Operations, 3rd Floor
P. O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
Bond Drop Window, 1st Floor
St. Paul, MN 55107

In compliance with the Interest and Dividend Compliance Act of 1983 and Broker Reporting Requirements, the redeeming institutions are required to withhold 31% 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 requirement is fulfilled through the submitting of a W-9 Form, which may be obtained at a bank or other financial institution.

Additional information may be obtained from the undersigned or from Northland Securities, Inc., 45 S. 7th St., Ste. 1900, Minneapolis, Minnesota 55402 (612-851-5900), financial consultants to the City of Lake Elmo, Minnesota.

Dated: _____, 2009.

NOTICE OF REDEMPTION

\$730,000 General Obligation Water Revenue Bonds, Series 2002B
Dated as of May 1, 2002
City of Lake Elmo, Minnesota

NOTICE IS HEREBY GIVEN THAT there have been called for redemption and prepayment on December 1, 2009, all outstanding Bonds of the above-referenced issue, dated, as originally issued, as of May 1, 2002, maturing December 1 in the following years and having the interest rates listed below:

<u>Maturity</u>	<u>Amount</u>	<u>CUSIP #</u>	<u>Rate</u>
2010	\$30,000	*	4.10%
2011	35,000	*	4.20
2012	35,000	*	4.30
2013	35,000	*	4.40
2014	40,000	*	4.55
2015	40,000	*	4.70
2018	130,000	*	4.90
2021	155,000	*	5.00

*Indicates full call.

The Bonds will be redeemed at a price of 100% of their principal amount plus accrued interest to the date of redemption. Holders of the Bonds should present them for payment to U.S. Bank National Association, St. Paul, Minnesota, on or before said date, when they will cease to bear interest, in the following manner:

If by Mail:

U.S. Bank National Association
Corporate Trust Operations, 3rd Floor
P. O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
Bond Drop Window, 1st Floor
St. Paul, MN 55107

In compliance with the Interest and Dividend Compliance Act of 1983 and Broker Reporting Requirements, the redeeming institutions are required to withhold 31% 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 requirement is fulfilled through the submitting of a W-9 Form, which may be obtained at a bank or other financial institution.

Additional information may be obtained from the undersigned or from Northland Securities, Inc., 45 S. 7th St., Ste. 1900, Minneapolis, Minnesota 55402 (612-851-5900), financial consultants to the City of Lake Elmo, Minnesota.

Dated: _____, 2009.

COUNTY AUDITOR'S CERTIFICATE AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting County Auditor of Washington County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on April 7, 2009, by the City Council of the City of Lake Elmo, Minnesota, setting forth the form and details of an issue of \$1,070,000 General Obligation Refunding Bonds, Series 2009A, dated as of May 1, 2009, and levying taxes for their payment.

I further certify that the issue has been entered on my bond register and the tax required by law for their payment has been levied and filed as required by Minnesota Statutes, Sections 475.51 to 475.74.

WITNESS my hand and official seal _____, 20__.

County Auditor

(SEAL)