



STAFF REPORT

DATE: June 21, 2022

REGULAR

AGENDA ITEM: 2022A Bonding

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

The City Council has included a number projects in the 2022-2026 CIP for this year with funding proposed to come from bonding. The Council has previously approved all of the projects we will be bonding for this year. Projects include Old Village 5 and 6, Water Tower 3 and watermain extension, 2022 Streets (Fields of St. Croix and Beaut Crest), Stoplight at Manning and 30th St, Ideal Ave Phase 2, and the Tapestry Sewer extension.

At the June 21st meeting, Council approved the sale of the bonds. Staff participated in a bond rating call with Moody's on June 21st as well. The City's bond rating has not changed and continues to stay at Aa1.

ISSUE BEFORE COUNCIL:

Should the Council authorize the issuance and sale of \$13.17 million general obligation bonds?

PROPOSAL DETAILS/ANALYSIS:

The total bond amount has increased slightly from \$13 million in order to pay for the increase to the Manning (CSAH 15)/30th St project.

The sale is scheduled to happen the morning of July 19th. Tammy Omdahl from Northland will be at the meeting to provide the results, which will be used to update the resolution in your packet.

FISCAL IMPACT:

The estimated levy schedule can be found on page 12 of the finance plan from the June 21st meeting. The city is required to levy 105% of the general fund portion of the improvement (street) projects. We are bonding for the water tower since the sale of the city land on Ideal Ave has not yet closed. Sewer debt will increase for the Tapestry and Old Village 5 and 6 sewer projects.

OPTIONS:

- 1) Approve Resolution No. 2022-072
- 2) Amend and then Approve Resolution No 2022-072
- 3) Do not authorize the issuance of bonds

RECOMMENDATION:

Motion to approve Resolution No. 2022-072: A Resolution Awarding the Sale of \$13,170,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A

ATTACHMENTS:

- Resolution No 2022-072

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

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Lake Elmo, Minnesota, was held at City Hall in the City on Tuesday, July 19, 2022, commencing at 7:00 P.M.

The following members were present:

and the following were absent:

* * *

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The Mayor announced that the next order of business was the consideration of the proposals which had been received for the purchase of the City's \$13,170,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A.

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

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

RESOLUTION NO. 2022-072

A RESOLUTION AWARDING THE SALE OF
\$13,170,000 GENERAL OBLIGATION
IMPROVEMENT, ABATEMENT AND UTILITY REVENUE BONDS, SERIES 2022A
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 (the “City”) as follows:

Section 1. Background.

1.01 The City is authorized by Minnesota Statutes, Chapters 429 and Minnesota Statutes, Chapter 475, as amended (collectively, the “Improvement Act”) to provide financing for various public street improvements in the City (the “Assessable Improvements”).

1.02 The City is authorized by Minnesota Statutes, Section 444.075 and Minnesota Statutes, Chapter 475, as amended (the “Utility Act”), to finance all or a portion of the cost of the construction of various sewer system improvement projects of the City (the “Sewer Improvements”) by the issuance of general obligation bonds of the City payable from the net revenues of the sewer system of the City.

1.03 The City is authorized by the Utility Act, to finance all or a portion of the cost of the construction of various water system improvement projects of the City, including but not limited to a water tower project (the “Water Improvements”) by the issuance of general obligation bonds of the City payable from the net revenues of the water system of the City.

1.04 The City is authorized by Minnesota Statutes, Chapter 475 and Sections 469.1812 through 469.1815, as amended (collectively, the “Abatement Act”) to utilize property tax abatements on specified parcels in order to accomplish certain public purposes, including certain public improvements including without limitation the CSAH 15/30th Street Signal and Ideal Avenue (CSAH 13) Phase 2 project in the City (the “Abatement Improvements”).

1.04. On June 21, 2022 the City held a public hearing regarding, and adopted a resolution (the “Abatement Resolution”) approving, property tax abatements pursuant to the Abatement Act.

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

Section 2. Sale of Bonds.

2.01 Authorization. It is hereby determined that it is necessary to provide financing for the Assessable Improvements, the Sewer Improvements, the Water Improvements and the Abatement Improvements and to finance those improvements through the issuance of the City's \$13,170,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A (the "Bonds").

2.02. Award to the Purchaser and Interest Rates. The proposal of _____, _____, _____ (the "Purchaser") to purchase the Bonds of the City described in the official statement thereof is found and determined to be the most favorable offer received and is hereby accepted, the proposal being to purchase the Bonds at a price of \$ _____ (par amount of \$13,170,000, plus a [net] premium of \$ _____ less underwriter's discount of \$ _____), for Bonds bearing interest as follows:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2023	%	2031	%
2024		2032	
2025		2033	
2026		2034	
2027		2035	
2028		2036	
2029		2037	
2030		2038	

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

2.04. Terms and Principal Amount of Bonds. The City will forthwith issue and sell the Bonds pursuant to the Improvement Act, Abatement Act and Utility Act (together, the "Act"), in the total principal amount of \$13,170,000, originally dated the date of delivery, the Bonds being in fully registered form in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1 upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$565,000	2031	\$920,000
2024	780,000	2032	955,000
2025	795,000	2033	975,000
2026	815,000	2034	885,000
2027	835,000	2035	920,000
2028	855,000	2036	955,000
2029	870,000	2037	985,000
2030	900,000	2038	160,000

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

\$4,115,000 of the Bonds (the “Assessable Improvement Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the cost of the Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$240,000	2032	\$295,000
2025	240,000	2033	295,000
2026	250,000	2034	305,000
2027	255,000	2035	320,000
2028	260,000	2036	330,000
2029	265,000	2037	340,000
2030	275,000	2038	160,000
2031	285,000		

\$3,415,000 of the Bonds (the “Sewer Improvement Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the cost of the Sewer Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$240,000	2031	\$225,000
2024	190,000	2032	235,000
2025	195,000	2033	240,000
2026	200,000	2034	245,000
2027	205,000	2035	255,000
2028	210,000	2036	265,000
2029	215,000	2037	275,000
2030	220,000		

\$4,630,000 of the Bonds (the “Water Improvement Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the cost of the Water Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$325,000	2031	\$305,000
2024	260,000	2032	315,000
2025	265,000	2033	325,000
2026	270,000	2034	335,000
2027	280,000	2035	345,000
2028	285,000	2036	360,000
2029	290,000	2037	370,000
2030	300,000		

\$1,010,000 of the Bonds (the “Abatement Bonds”) maturing in the amounts and on the dates set forth below are being issued to finance the cost of the Abatement Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$90,000	2029	\$100,000
2025	95,000	2030	105,000
2026	95,000	2031	105,000
2027	95,000	2032	110,000
2028	100,000	2033	115,000

2.05. Optional Redemption. The City may elect on February 1, 2030, and on any day thereafter to prepay Bonds maturing on or after February 1, 2031. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

Section 3. Registration and Payment.

3.01. 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.

3.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment

date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners thereof of record as of the close of business on the 15th day of the immediately preceding month, whether or not that day is a business day.

3.03. Registration. The City will appoint, and will maintain, a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

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

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the 15th day of the month preceding each interest payment date and until that interest payment date.

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

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

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

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

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

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

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days prior to the redemption date 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.

3.04. Appointment of Initial Registrar. The City appoints U.S. Bank Trust Company, National Association, St. Paul, Minnesota, as the initial Registrar. The Mayor and the City Clerk are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the City Clerk must transmit to the Registrar money sufficient for the payment of all principal and interest then due.

3.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Finance Director and executed on behalf of the City by the signatures of the Mayor and the City Clerk, provided that those signatures may be printed, engraved or lithographed

facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of any Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed and authenticated, the City Finance Director will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

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

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

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

4.01. Debt Service Fund and Accounts Maintained Therein. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to provide adequate and specific security for the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the “General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A Debt Service Fund (the “Debt Service Fund”). The Debt Service Fund shall be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Debt Service Fund will be maintained in the manner herein specified until all of the Bonds and the interest thereon have been fully paid. The City will maintain the following accounts in the Debt Service Fund: the “Assessable Improvements Account,” the “Sewer Improvements Account,” the “Water Revenue Account” and the “Abatement Account.” Amounts in the Assessable Improvements Account are irrevocably pledged to the Assessable Improvement Bonds, amounts in the Sewer Improvements Account are irrevocably pledged to the Sewer Improvement Bonds, amounts in the Water Improvements Account are irrevocably pledged to the Water Improvement Bonds and amounts in the Abatement Account are irrevocably pledged to the Abatement Bonds.

(a) Assessable Improvements Account. To the Assessable Improvements Account in the Debt Service Fund there is hereby pledged and irrevocably appropriated and there will be credited: (i) proceeds of the ad valorem taxes levied under Section 4.03(a) or hereafter levied (the “Taxes”) and special assessments levied or to be levied against the property specially benefited by the Improvements (the “Assessments”), which ad valorem taxes and Assessments are pledged to the Assessable Improvements Account; (ii) capitalized

interest financed from the proceeds of the Assessable Improvement Bonds, if any; (iii) a pro rata portion of the amount over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 2.03 hereof; (iv) all investment earnings on amounts in the Assessable Improvements Account of the Debt Service Fund; and (v) any other funds appropriated for the payment of principal or interest on the Assessable Improvement Bonds. The Finance Director must report to the City Council any current or anticipated deficiency in the Assessable Improvements Account in the amount necessary to pay principal of and interest on all of the Assessable Improvement Bonds when due. If a payment of principal or interest on the Assessable Improvement Bonds becomes due when there is not sufficient money in the Assessable Improvements Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Taxes and Assessments when collected.

(b) Sewer Improvements Account. The City will continue to maintain and operate its sewer utility fund, to which will be credited all gross revenues of the sewer utility system (the "Sewer System"), and out of which will be paid all normal and reasonable expenses of current operations of such system. Any balances therein are deemed net revenues (the "Sewer Net Revenues") and will be transferred, from time to time, to the Sewer Improvement Account of the Debt Service Fund in an amount sufficient to pay the principal of and interest on the Sewer Improvement Bonds, which Sewer Improvements Account will be used only to pay principal of and interest on the Sewer Improvement Bonds, and any other bonds similarly authorized. There is also appropriated to the Sewer Improvements Account (i) a pro rata portion of any amount over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 2.03 hereof; (ii) all investment earnings on funds in the Sewer Improvements Account; and (iii) any and all other moneys which are properly available and are appropriated by the City Council to the Sewer Improvements Account. The Finance Director must report to the City Council any current or anticipated deficiency in the Sewer Improvements Account in the amount necessary to pay principal of and interest on all of the Sewer Improvement Bonds when due. If a payment of principal or interest on the Sewer Improvement Bonds becomes due when there is not sufficient money in the Sewer Improvements Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Sewer Net Revenues of the Sewer System and taxes when collected.

(c) Water Improvements Account. The City will continue to maintain and operate its water utility fund, to which will be credited all gross revenues of the water utility system (the "Water System"), and out of which will be paid all normal and reasonable expenses of current operations of such system. Any balances therein are deemed net revenues (the "Water Net Revenues") and will be transferred, from time to time, to the Water Improvement Account of the Debt Service Fund in an amount sufficient to pay the principal of and interest on the Water Improvement Bonds, which Water Improvements Account will be used only to pay principal of and interest on the Water Improvement Bonds, and any other bonds similarly authorized. There is also appropriated to the Water Improvements Account (i) a pro rata portion of any amount over the minimum purchase price paid by the Purchaser, to the extent

designated for deposit in the Debt Service Fund in accordance with Section 2.03 hereof; (ii) all investment earnings on funds in the Water Improvements Account; and (iii) any and all other moneys which are properly available and are appropriated by the City Council to the Water Improvements Account. The Finance Director must report to the City Council any current or anticipated deficiency in the Water Improvements Account in the amount necessary to pay principal of and interest on all of the Water Improvement Bonds when due. If a payment of principal or interest on the Water Improvement Bonds becomes due when there is not sufficient money in the Water Improvements Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Water Net Revenues of the Water System and taxes when collected.

(d) Abatement Account. The Finance Director shall timely deposit in, and there are pledged and appropriated to, the Abatement Account of the Debt Service Fund hereby created, (i) proceeds of general taxes herein or hereafter levied and tax abatements in accordance with the Abatement Resolution (the “Abatements”), (ii) a pro rata portion of any amount over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 2.03 hereof, (iii) all investment earnings on funds in the Abatement Account of the Debt Service Fund; and (iv) any and all other moneys which are properly available and are appropriated by the City Council to the Abatement Account of the Debt Service Fund. The Finance Director must report to the City Council any current or anticipated deficiency in the Abatement Account in the amount necessary to pay principal of and interest on all of the Abatement Bonds when due. If a payment of principal or interest on the Abatement Bonds becomes due when there is not sufficient money in the Abatement Account in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Taxes when collected.

4.02. Construction Fund. The City hereby creates the General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A Construction Fund (the “Construction Fund”) to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Construction Fund: the “Assessable Improvements Account,” the “Sewer Improvements Account,” the “Water Improvements Account” and the “Abatement Account.” Amounts in the Assessable Improvements Account will be used to construct the Assessable Improvements, amounts in the Sewer Improvements Account will be used to construct the Sewer Improvements, amounts in the Water Improvements Account will be used to construct the Water Improvements, and amounts in the Abatement Account will be used to construction the Abatement Improvements.

(a) Assessable Improvements Account. Proceeds of the Assessable Improvement Bonds, less the appropriations made in Section 4.01(a) hereof, together with any other funds appropriated for the Assessable Improvements and the Assessments and Taxes collected during the construction of the Assessable Improvements, will be deposited in the Assessable Improvements Account of the Construction Fund to be used solely to defray

expenses of the Assessable Improvements and the payment of principal of and interest on the Assessable Improvement Bonds prior to the completion and payment of all costs of the Assessable Improvements. Any balance remaining in the Assessable Improvements Account after the Assessable Improvements are completed and the cost thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the Assessable Improvements Account of the Construction Fund is to be closed and any balance remaining therein and any subsequent collections of the Assessments and Taxes for the Assessable Improvements are to be deposited in the Assessable Improvements Account of the Debt Service Fund.

(b) Sewer Improvements Account. Proceeds of the Sewer Improvement Bonds, less the appropriations made in Section 4.01(b) hereof, will be deposited in the Sewer Improvements Account of the Construction Fund to be used solely to defray expenses of the Sewer Improvements. Any balance remaining in the Sewer Improvements Account after the Sewer Improvements are completed and the cost thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the Sewer Improvements Account of the Construction Fund is to be closed and any balance remaining therein is to be deposited in the Sewer Improvements Account of the Debt Service Fund.

(c) Water Improvements Account. Proceeds of the Water Improvement Bonds, less the appropriations made in Section 4.01(c) hereof, will be deposited in the Water Improvements Account of the Construction Fund to be used solely to defray expenses of the Water Improvements. Any balance remaining in the Water Improvements Account after the Water Improvements are completed and the cost thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the Water Improvements Account of the Construction Fund is to be closed and any balance remaining therein is to be deposited in the Water Improvements Account of the Debt Service Fund.

(d) Abatement Account. Proceeds of the Abatement Bonds, less the appropriations made in Section 4.01(d) hereof, together with any other funds appropriated for the Abatement Improvements, will be deposited in the Abatement Account of the Construction Fund to be used solely to defray expenses of the Abatement Improvements and the payment of principal of and interest on the Abatement Bonds prior to the completion and payment of all costs of the Abatement Improvements. Any balance remaining in the Abatement Account after the Abatement Improvements are completed and the costs thereof have been paid may be used as provided in Minnesota Statutes, section 475.65, under the direction of the City Council. Thereafter, the Abatement Account is to be closed and any balance remaining therein is to be deposited in the Abatement Account of the Debt Service Fund.

4.03. Tax Levy.

(a) For the purpose of paying the principal of and interest on the Assessable Improvement Bonds, there is hereby levied a direct annual irrevocable ad valorem tax upon

all of the taxable property in the City, which Taxes will be spread upon the tax rolls and collected with and as part of other general taxes of the City. Such Taxes will be credited to the Assessable Improvements Account of the Debt Service Fund above provided and will be in the years and amounts as set forth in **Exhibit C**. The tax levy herein provided will be irrevocable until all of the Assessable Improvement Bonds are paid, provided that the Finance Director may annually, at the time the City makes its tax levies, certify to the County Auditor of the County the amount available in the Improvement Account of the Debt Service Fund to pay principal and interest due during the ensuing year on the Assessable Improvement Bonds, and the County Auditor of the County will thereupon reduce the levy collectible during such year by the amount so certified.

(b) For the purpose of paying the principal of and interest on the Abatement Bonds, there is hereby levied a direct annual irrevocable ad valorem tax upon all of the taxable property in the City, which Taxes will be spread upon the tax rolls and collected with and as part of other general taxes of the City. Such Taxes will be credited to the Abatement Account of the Debt Service Fund above provided and will be in the years and amounts as set forth in **Exhibit D**. The tax levy herein provided will be irrevocable until all of the Abatement Bonds are paid, provided that the Finance Director may annually, at the time the City makes its tax levies, certify to the County Auditor of the County the amount available in the Abatement Account of the Debt Service Fund to pay principal and interest due during the ensuing year on the Abatement Bonds, and the County Auditor of the County will thereupon reduce the levy collectible during such year by the amount so certified.

4.04. City Covenants with Respect to the Assessable Improvement Bonds. It is hereby determined that the Assessable Improvements will directly and indirectly benefit abutting and other benefited property, and the City hereby covenants with the holders from time to time of the Assessable Improvement Bonds as follows:

(a) The City has caused or will cause the Assessments for the Assessable Improvements to be promptly levied so that the first installment will be collectible not later than 2023 and will take all steps necessary to assure prompt collection, and the levy of the Assessments is hereby authorized. The City Council will cause to be taken with due diligence all further actions that are required for the construction of each Improvement financed wholly or partly from the proceeds of the Assessable Improvement Bonds, and will take all further actions necessary for the final and valid levy of the Assessments and the appropriation of any other funds needed to pay the Assessable Improvement Bonds and interest thereon when due.

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

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

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

(e) At least 20% of the cost to the City of the Assessable Improvements described herein has been or will be specially assessed against benefited properties.

4.05 City Covenants with Respect to the Sewer Improvement Bonds and Water Improvement Bonds. The City Council covenants and agrees with the holders of the Bonds that so long as any of the Sewer Improvement Bonds and Water Improvement Bonds. As the case may be, remain outstanding and unpaid, it will keep and enforce the following covenants and agreements:

(a) The City will continue to maintain and efficiently operate the Sewer System and the Water System as public utilities and conveniences free from competition of other like municipal utilities and will cause all revenues therefrom to be deposited in bank accounts and credited to the accounts of the Sewer System and the Water System as hereinabove provided, and will make no expenditures from those accounts except for a duly authorized purpose and in accordance with this resolution.

(b) The City will also maintain the Sewer Improvements Account of Debt Service Fund as a separate account in the sewer utility fund and will cause money to be credited thereto from time to time, out of Sewer Net Revenues from the Sewer System in sums sufficient to pay principal of and interest on the Sewer Improvement Bonds, when due.

(c) The City will also maintain the Water Improvements Account of the Debt Service Fund as a separate account in the water utility fund and will cause money to be credited thereto from time to time, out of Water Net Revenues from the Water System, in sums sufficient to pay principal of and interest on the Sewer Improvement Bonds, when due.

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

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

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

(g) The City and each and all of its officers will punctually perform all duties with reference to the Sewer System and the Water System as required by law.

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

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

(j) The City hereby determines that the estimated collection of Sewer Net Revenues herein pledged for the payment of principal and interest on the Sewer Improvement Bonds will produce at least 5% in excess of the amount needed to meet, when due, the principal and interest payments on the Sewer Improvement Bonds. The City hereby determines that the estimated collection of Water Net Revenues herein pledged for the payment of principal and interest on the Water Improvement Bonds will produce at least 5% in excess of the amount needed to meet, when due, the principal and interest payments on the Water Improvement Bonds.

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

4.07. Abatement Pledge. It is determined that the principal amount of the Abatement Bonds does not exceed the estimated sum of the Abatements for the years authorized under the Abatement Resolution.

4.08 Debt Service Coverage. It is hereby determined that the estimated collection of the foregoing Taxes levied under Section 4.03(a) and the Assessments herein pledged will produce at least 5% in excess of the amount needed to pay when due, the principal and interest payments on the Assessable Improvement Bonds, the Sewer Revenues herein pledged will produce at least 5% in excess of the amount needed to pay when due the principal and interest payments on the Sewer Improvement Bonds, the Water Revenues herein pledged will produce at least 5% in excess of the amount needed to pay when due the principal and interest payments on the Water Improvement Bonds and the Abatements herein pledged and foregoing Taxes levied under Section 4.03(b) will produce at

least 5% in excess of the amount needed to pay when due, the principal and interest payments on the Abatement Bonds.

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

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certificates as to Official Statement. The Mayor, City Clerk and Finance Director, or any of them, are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

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

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

Section 6. Tax Covenants.

6.01 Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees, or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds. To that end, the City will comply with all requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, and limitations on amounts invested at a yield greater than the yield on the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bond under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States (unless the City qualifies for any exception to the rebate requirements based on timely expenditure of proceeds of the Bonds, in accordance with the Code and applicable Treasury Regulations).

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

6.04. No Designation of Qualified Tax-Exempt Obligations. The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 2.04 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (DTC). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar,) of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Finance Director of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.,” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Finance Director will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

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

Section 8. Continuing Disclosure.

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

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

Section 9. Defeasance. When all Bonds (or all of any of the Assessable Improvement Bonds, Sewer Improvement Bonds, Water Improvement Bonds or Abatement Bonds portion thereof) and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution (with respect to the Assessable Improvement Bonds, Sewer Improvement Bonds, Water Improvement Bonds or Abatement Bonds portion of the Bonds, as the case may be) to holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds (or all of any of the Assessable Improvement Bonds, Sewer Improvement Bonds, Water Improvement Bonds or Abatement Bonds portion thereof) which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full or by depositing irrevocably in escrow, with a suitable institution qualified by law as an escrow agent for this purpose, cash or securities which are backed by the full faith and credit of the United States of America, or any other security authorized under Minnesota law for such purpose, bearing interest payable at such times and at such rates and maturing on such dates and in such amounts as shall be required and sufficient, subject to sale and/or reinvestment in like securities, to pay said obligation(s), which may include any interest payment on such Bond and/or principal amount due thereon at a stated maturity (or if irrevocable provision shall have been made for permitted prior redemption of such principal amount, at such earlier redemption date). If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

Section 10. Effective Date. This resolution shall be in full force and effect from and after its passage.

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

and the following voted against the same:

Approved this 19th day of July, 2022, by the City Council of the City of Lake Elmo, Minnesota.

CITY OF LAKE ELMO, MINNESOTA

Mayor

ATTEST:

City Clerk

EXHIBIT A
PROPOSALS

**EXHIBIT B
FORM OF BOND**

No. R-_____ UNITED STATES OF AMERICA \$ _____
STATE OF MINNESOTA
COUNTY OF WASHINGTON
CITY OF LAKE ELMO
GENERAL OBLIGATION ABATEMENT, IMPROVEMENT,
AND UTILITY REVENUE BOND SERIES 2022A

Rate	Maturity	Date of Original Issue	CUSIP
	February 1, 20____	August 16, 2022	

Registered Owner: Cede & Co.

The City of Lake Elmo, Minnesota, a duly organized and existing municipal corporation in Washington County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum set forth above on the Maturity date specified above, unless called for earlier redemption, with interest thereon (calculated on the basis of a 360 day year of twelve 30 day months) from the date hereof at the annual Rate specified above, payable February 1 and August 1 in each year, commencing February 1, 2023, to the person in whose name this Bond is registered at the close of business on the 15th day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by U.S. Bank Trust Company, National Association, St. Paul, Minnesota, as Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$13,170,000, all of like original issue date and tenor, except as to number, maturity date, denomination, redemption privilege, and interest rate, issued pursuant to a resolution adopted by the City Council on July 19, 2022 (the "Resolution"), for the purpose of providing monies in part for various street improvements, improvements to the sewer system and water system and certain public improvements pursuant to and in full conformity with the Constitution, laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, 469 and 475. The principal hereof and interest hereon are payable from certain special assessments against property specially benefited by local improvements, net revenues of the sewer and water systems, tax abatements and from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on

all taxable property in the City in the event of any deficiency in special assessments, net revenues and ad valorem taxes pledged, which additional 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.

The City may elect on February 1, 2030, and on any date thereafter to prepay Bonds due on or after February 1, 2031. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify the Depository Trust Company (“DTC”) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

The Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the sewer and water systems free from competition by other like municipal utilities; that adequate insurance on said system and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Sewer System and Water System fund, into which it will pay all of the gross revenues from the sewer and water systems; that it will also create and maintain a Water Improvements Account and Sewer Improvements Account within the General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A Debt Service Fund, into which it will pay, out of the net revenues from the water and sewer systems, a sum sufficient to pay principal of and interest on the Sewer Improvement Bonds and Water Improvement Bonds when due; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the sewer and water systems.

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

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

IT IS HEREBY CERTIFIED, 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 in regular and due form, time and manner, that prior to the issuance of this bond the City Council of the City has provided funds for the payment of principal and interest on the bonds of this issue as the same become due, but the full faith and credit of the City is pledged for their payment and additional taxes will be levied, if required for such purpose, without limitation as to the rate of amount; and that this bond, together with all other indebtedness of the City outstanding on the date of its issuance, does not 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 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 Clerk and has caused this Bond to be dated as of the date set forth below.

Dated: _____, 2022

CITY OF LAKE ELMO, MINNESOTA

City Clerk

Mayor

CERTIFICATE OF AUTHENTICATION

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

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION

By _____
Its 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 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 Registrar</u>
_____, 2022	Cede & Co. Federal ID #13-2555119	_____

EXHIBIT C

ASSESSABLE IMPROVEMENT BONDS TAX LEVY

<u>Collection Year</u>	<u>Levy Amount</u>
2023	\$
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	

EXHIBIT D

ABATEMENT BONDS TAX LEVY

<u>Collection Year</u>	<u>Levy Amount</u>
2023	\$
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	

STATE OF MINNESOTA
COUNTY OF WASHINGTON

COUNTY AUDITOR'S
CERTIFICATE AS TO TAX
LEVY AND REGISTRATION

I, the undersigned County Auditor of Washington County, Minnesota, hereby certify that a certified copy of a resolution adopted by the governing body of the City of Lake Elmo, Minnesota, on July 19, 2022, levying taxes for the payment of \$13,170,000 General Obligation Improvement, Abatement and Utility Revenue Bonds, Series 2022A, in the amount of \$13,170,000 dated August 16, 2022 has been filed in my office and said bonds have been registered on the register of obligations in my office and that such tax has been levied as required by law.

WITNESS My hand and official seal this _____ day of _____, 2022.

(SEAL)

County Auditor
Washington County, Minnesota

Deputy

Bond Sale Summary

City of Lake Elmo, Minnesota

\$12,495,000

**General Obligation Improvement, Abatement and
Utility Revenue Bonds, Series 2022A**

July 19, 2022



150 South 5th Street, Suite 3300

Minneapolis, MN 55402

612-851-5900 800-851-2920

www.northlandsecurities.com

Member FINRA and SIPC | Registered with SEC and MSRB



PURPOSE: Proceeds from the Bonds will be used to finance the City’s 2022 street and utility projects, a water tower project, and to pay the costs associated with the issuance of the Bonds.

FINANCE PLAN: The OV 5 and 6 portion of the Improvement Portions has been structured over 14 years, with relatively level debt service payments beginning on February 1, 2024.

The Fields of St. Croix and Beaut Crest portion of the Improvement Portions has been structured over 15 years, with relatively level debt service payments beginning on February 1, 2024.

The Abatement Portion has been structured over 10 years, with relatively level debt service payments beginning on February 1, 2024.

The Water and Sewer Portions of the Bonds have been structured over 15 years, with relatively level debt service payments beginning on February 1, 2023.

SECURITY: Special assessments, net sewer revenues, net water revenues, an abatement levy and ad valorem taxes.

RESULTS:

- Method of Sale: Competitive Sale. The City received 9 bids. The Bonds were underwritten by The Baker Group.
- Ratings: Moody’s “Aa1”
- Final Maturity: February 1, 2038
- Optional Call: February 1, 2030

	Final on <u>7/19/22</u>	Finance Plan <u>6/21/22</u>
Par Amount	\$12,495,000*	\$13,170,000
All Inclusive Cost (AIC)	3.14%	3.39%
True Interest Cost (TIC)	3.05%	3.29%

**The final par was reduced by premium and unused discount on the Improvement, Sanitary Sewer and Water portions of the Bonds.*



EXHIBIT A - BID TAB

\$13,170,000[†]
GENERAL OBLIGATION IMPROVEMENT, ABATEMENT & UTILITY REVENUE BONDS,
SERIES 2022A

AWARD: THE BAKER GROUP

DATE OF SALE: TUESDAY, JULY 19, 2022

MOODY'S UNDERLYING RATING Aa1

BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
THE BAKER GROUP [†] Oklahoma, OK Syndicate: Middlegate Securities, Inc.	\$13,859,295.73	\$3,268,510.26	3.0345695%
J.P. MORGAN SECURITIES LLC New York, NY	\$14,152,410.95	\$3,362,189.05	3.0701446%
PIPER SANDLER & CO. Minneapolis, MN	\$14,140,050.64	\$3,374,549.36	3.0833459%
TD SECURITIES New York, NY	\$14,223,952.00	\$3,420,891.75	3.1008449%
HILLTOPSECURITIES Dallas, TX	\$13,983,095.55	\$3,373,432.05	3.1056910%
ROBERT W. BAIRD & CO., INC. Red Bank, NJ	\$14,446,277.75	\$3,465,586.83	3.1087366%
FIFTH THIRD SECURITIES, INC. Cincinnati, OH	\$14,624,162.04	\$3,548,678.58	3.1491654%
UBS FINANCIAL SERVICES, INC. New York, NY	\$14,793,261.67	\$3,630,300.83	3.1806503%
KEYBANC CAPITAL MARKETS Cleveland, OH	\$14,415,182.25	\$3,562,484.94	3.2006127%

[†] Par amount decreased from \$13,170,000 to \$12,495,000. For The Baker Group, the adjusted purchase price is \$13,131,199.53, plus accrued interest from the date of issue to the date of delivery, and the adjusted TIC is 3.0473157%.



EXHIBIT B - SOURCES AND USES

	Improvement (OV 5 & 6)	Improvement (Fields of St. Croix & Beaut Crest)	Tax Abatement (Ideal Ave & CSAH 15/30th Signal)	Sanitary Sewer Improvements	Water Improvements	Issue Summary
Sources Of Funds						
Par Amount of Bonds	\$2,020,000.00	\$1,875,000.00	\$1,010,000.00	\$3,220,000.00	\$4,370,000.00	\$12,495,000.00
Reoffering Premium	124,187.30	101,884.00	100,128.85	186,099.45	252,645.65	764,945.25
Total Sources	\$2,144,187.30	\$1,976,884.00	\$1,110,128.85	\$3,406,099.45	\$4,622,645.65	\$13,259,945.25
Uses Of Funds						
Deposit to Project Construction Fund	2,107,549.00	1,907,000.00	1,071,906.66	3,353,136.00	4,550,000.00	12,989,591.66
Rounding Amount	2,085.62	3,258.96	-	(2,115.63)	(2,104.51)	1,124.44
Total Underwriter's Discount (1.030%)	20,813.63	19,319.59	10,406.82	33,178.17	45,027.51	128,745.72
Costs of Issuance	13,739.05	12,752.85	6,869.54	21,900.91	29,722.65	84,985.00
Deposit to Capitalized Interest (CIF) Fund	-	34,552.60	20,945.83	-	-	55,498.43
Total Uses	\$2,144,187.30	\$1,976,884.00	\$1,110,128.85	\$3,406,099.45	\$4,622,645.65	\$13,259,945.25



EXHIBIT C - PRICING SUMMARY

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
02/01/2023	Serial Coupon	5.000%	1.450%	515,000.00	101.614%	-	-	-	523,312.10
02/01/2024	Serial Coupon	5.000%	1.700%	650,000.00	104.732%	-	-	-	680,758.00
02/01/2025	Serial Coupon	5.000%	1.860%	680,000.00	107.510%	-	-	-	731,068.00
02/01/2026	Serial Coupon	5.000%	2.000%	715,000.00	109.975%	-	-	-	786,321.25
02/01/2027	Serial Coupon	5.000%	2.070%	750,000.00	112.416%	-	-	-	843,120.00
02/01/2028	Serial Coupon	5.000%	2.250%	785,000.00	114.050%	-	-	-	895,292.50
02/01/2029	Serial Coupon	5.000%	2.400%	820,000.00	115.468%	-	-	-	946,837.60
02/01/2030	Serial Coupon	5.000%	2.500%	870,000.00	116.913%	-	-	-	1,017,143.10
02/01/2031	Serial Coupon	5.000%	2.510%	910,000.00	116.839%	c 2.754%	02/01/2030	100.000%	1,063,234.90
02/01/2032	Serial Coupon	3.000%	2.800%	950,000.00	101.337%	c 2.838%	02/01/2030	100.000%	962,701.50
02/01/2033	Serial Coupon	3.000%	2.900%	980,000.00	100.665%	c 2.926%	02/01/2030	100.000%	986,517.00
02/01/2034	Serial Coupon	3.000%	3.100%	885,000.00	99.040%	-	-	-	876,504.00
02/01/2035	Serial Coupon	3.125%	3.250%	915,000.00	98.726%	-	-	-	903,342.90
02/01/2036	Serial Coupon	3.250%	3.400%	940,000.00	98.389%	-	-	-	924,856.60
02/01/2037	Serial Coupon	3.375%	3.450%	970,000.00	99.150%	-	-	-	961,755.00
02/01/2038	Serial Coupon	3.500%	3.650%	160,000.00	98.238%	-	-	-	157,180.80
Total	-	-	-	\$12,495,000.00	-	-	-	-	\$13,259,945.25

Bid Information

Par Amount of Bonds	\$12,495,000.00
Reoffering Premium or (Discount)	764,945.25
Gross Production	\$13,259,945.25
Total Underwriter's Discount (1.030%)	\$(128,745.72)
Bid (105.092%)	13,131,199.53
Total Purchase Price	\$13,131,199.53
Bond Year Dollars	\$102,361.88
Average Life	8.192 Years
Average Coupon	3.7420790%
Net Interest Cost (NIC)	3.1205590%
True Interest Cost (TIC)	3.0473157%



EXHIBIT E - DEBT SERVICE SCHEDULE

Combined

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/16/2022	-	-	-	-	-
02/01/2023	515,000.00	5.000%	236,812.24	751,812.24	751,812.24
08/01/2023	-	-	245,465.63	245,465.63	-
02/01/2024	650,000.00	5.000%	245,465.63	895,465.63	1,140,931.25
08/01/2024	-	-	229,215.63	229,215.63	-
02/01/2025	680,000.00	5.000%	229,215.63	909,215.63	1,138,431.25
08/01/2025	-	-	212,215.63	212,215.63	-
02/01/2026	715,000.00	5.000%	212,215.63	927,215.63	1,139,431.25
08/01/2026	-	-	194,340.63	194,340.63	-
02/01/2027	750,000.00	5.000%	194,340.63	944,340.63	1,138,681.25
08/01/2027	-	-	175,590.63	175,590.63	-
02/01/2028	785,000.00	5.000%	175,590.63	960,590.63	1,136,181.25
08/01/2028	-	-	155,965.63	155,965.63	-
02/01/2029	820,000.00	5.000%	155,965.63	975,965.63	1,131,931.25
08/01/2029	-	-	135,465.63	135,465.63	-
02/01/2030	870,000.00	5.000%	135,465.63	1,005,465.63	1,140,931.25
08/01/2030	-	-	113,715.63	113,715.63	-
02/01/2031	910,000.00	5.000%	113,715.63	1,023,715.63	1,137,431.25
08/01/2031	-	-	90,965.63	90,965.63	-
02/01/2032	950,000.00	3.000%	90,965.63	1,040,965.63	1,131,931.25
08/01/2032	-	-	76,715.63	76,715.63	-
02/01/2033	980,000.00	3.000%	76,715.63	1,056,715.63	1,133,431.25
08/01/2033	-	-	62,015.63	62,015.63	-
02/01/2034	885,000.00	3.000%	62,015.63	947,015.63	1,009,031.25
08/01/2034	-	-	48,740.63	48,740.63	-
02/01/2035	915,000.00	3.125%	48,740.63	963,740.63	1,012,481.25
08/01/2035	-	-	34,443.75	34,443.75	-
02/01/2036	940,000.00	3.250%	34,443.75	974,443.75	1,008,887.50
08/01/2036	-	-	19,168.75	19,168.75	-
02/01/2037	970,000.00	3.375%	19,168.75	989,168.75	1,008,337.50
08/01/2037	-	-	2,800.00	2,800.00	-
02/01/2038	160,000.00	3.500%	2,800.00	162,800.00	165,600.00
Total	\$12,495,000.00	-	\$3,830,462.24	\$16,325,462.24	-

Yield Statistics

Bond Year Dollars	\$102,361.88
Average Life	8.192 Years
Average Coupon	3.7420790%
Net Interest Cost (NIC)	3.1205590%
True Interest Cost (TIC)	3.0473157%
Bond Yield for Arbitrage Purposes	2.8879047%
All Inclusive Cost (AIC)	3.1426294%

IRS Form 8038

Net Interest Cost	2.8759423%
Weighted Average Maturity	8.039 Years

Optional Redemption

02/01/2030	@100.000%
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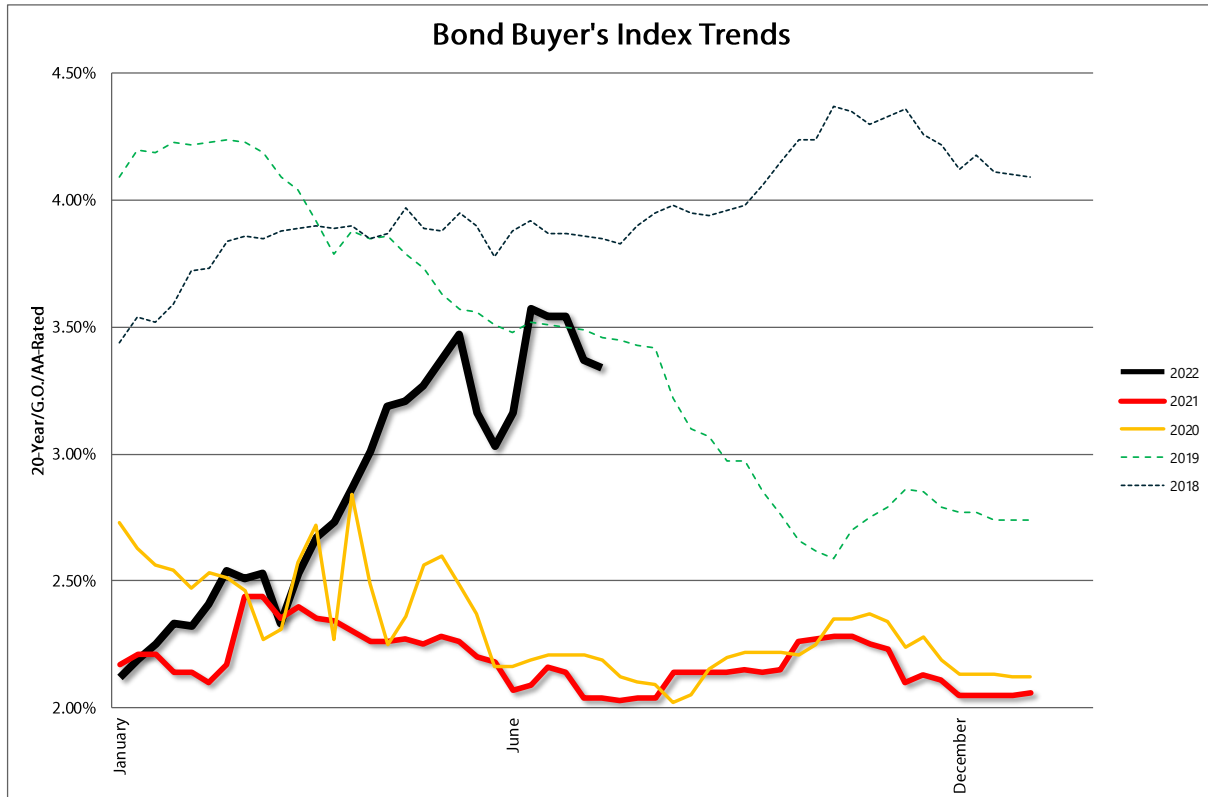
EXHIBIT F - LOCAL ISSUANCE

Date	Issuer Description	Amt (MM)	Tax	Status	Type	Industry	Moody's	S&P	Enhanced	Security Type
07/18/2022	MINNETONKA ISD#276-B	8.985	N	THUR	NEG	School District	Aa2		Yes	G.O. Unlimited Bonds
07/18/2022	MORISTOWN -A	2.085	Q	THUR	NEG	General Obligation			No	G.O. Unlimited Bonds
07/18/2022	ITASCA CO ISD #318-B	3.47	N	AWARDED	COMP	School District		AAA	Yes	G.O. Unlimited Bonds
07/18/2022	LAKEVILLE-C	24.945	N	AWARDED	COMP	General Obligation	Aaa		No	G.O. Unlimited Bonds
07/18/2022	WILLMAR -A	5.56	Q	AWARDED	COMP	General Obligation	Aa3		No	G.O. Unlimited Bonds
07/18/2022	NORTH MANKATO-A	3.925	Q	AWARDED	COMP	General Obligation		AA	No	G.O. Unlimited Bonds
07/18/2022	TRACY AREA PUB ISD #2904	17.81	N	AWARDED	COMP	School District	Aa2		Yes	G.O. Unlimited Bonds
07/18/2022	TRACY AREA PUB ISD#2904-A	18.55	N		COMP	School District	APPLIED		Yes	G.O. Unlimited Bonds
07/18/2022	SHOREVIEW -A	5.295	Q	AWARDED	COMP	General Obligation		AAA	No	G.O. Unlimited Bonds
07/18/2022	RICE CO -A	44.39	N	AWARDED	COMP	General Obligation		AAA	Yes	G.O. Unlimited Bonds
07/19/2022	FERGUS FALLS -A	1.67	N		COMP	General Obligation	Aa3		No	G.O. Unlimited Bonds
07/19/2022	LAKE ELMO-A	12.495	N	AWARDED	COMP	General Obligation	Aa1		No	G.O. Unlimited Bonds
07/19/2022	OSSEO -A	3.69	Q	AWARDED	COMP	General Obligation		AA	No	G.O. Limited Bonds
07/19/2022	COON RAPIDS -A	22.65	N	AWARDED	COMP	General Obligation	Aa1		No	G.O. Unlimited Bonds
07/19/2022	THIEF RIVER FALLS-A	2.82	Q	AWARDED	COMP	General Obligation		AA-	No	G.O. Unlimited Bonds
07/20/2022	SAUK CENTRE-A	4.615	Q		COMP	General Obligation		AA-	No	G.O. Unlimited Bonds



EXHIBIT G - MUNICIPAL MARKET CONDITIONS

Bond Buyer Index as of July 14, 2022 (3.34%)

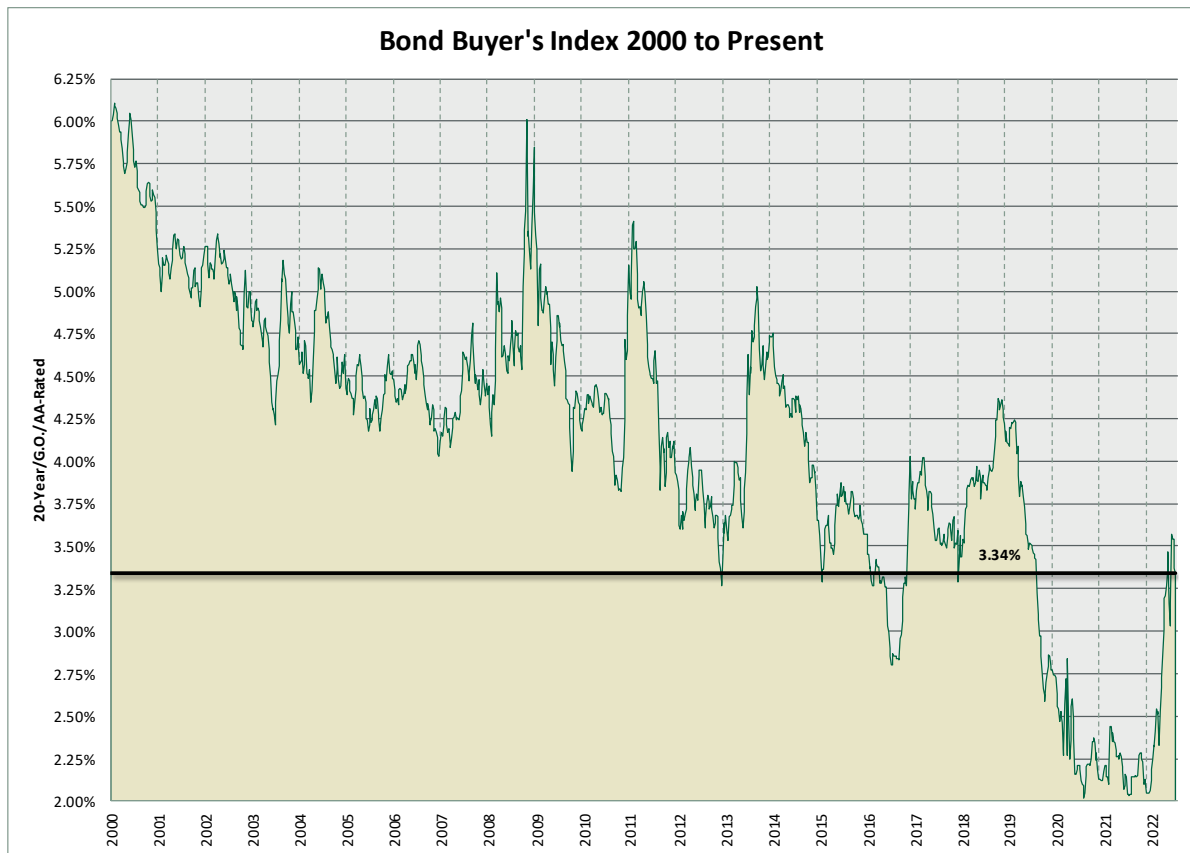


Source: Data compiled by Northland Securities from published Bond Buyer's Index



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Based on sources believed to be reliable, but not warranted or guaranteed by Northland Securities, Inc. (RC 19-14A/Muni 19_10A)



Source: Data compiled by Northland Securities from published Bond Buyer's GO 20-Bond Index



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