

REPORT / RECOMMENDATION



To: MAYOR AND COUNCIL

Agenda Item #: VIII. E

From: John Wallin, Finance Director

Action

Discussion

Date: June 17, 2014

Information

Subject: Resolution No. 2014-63 Award Sale of \$5,925,000 G.O. Utility Bonds Series 2014A

Action Requested:

Adopt Resolution No. 2014-63 Awarding the Sale of \$5,925,000 G.O. Utility Revenue Bonds Series 2014A

Information / Background:

The \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A is to finance various water and storm water projects mostly as part of the street reconstruction projects. This bond is in accordance with the City's Utility Rate Study.

The bids will be received and tabulated by the City's financial advisor, Ehlers & Associates, Inc. on Tuesday, June 17. The bids and Ehlers & Associates analysis will be presented to the City Council at the June 17 Council meeting.

ATTACHMENT:

Resolution 2014-63

CERTIFICATION OF MINUTES RELATING TO
\$5,925,000 GENERAL OBLIGATION UTILITY
REVENUE BONDS, SERIES 2014A

Issuer: City of Edina, Minnesota

Governing body: City Council

Kind, date, time and place of meeting: A regular meeting held on June 17, 2014, at
7:00 o'clock P.M., at the City Hall, Edina Minnesota.

Members present:

Members absent:

Documents attached:

Minutes of said meeting including (pages): 1 through 19

RESOLUTION NO. 2014-63

RESOLUTION RELATING TO \$5,925,000 GENERAL OBLIGATION
UTILITY REVENUE BONDS, SERIES 2014A; AWARDED THE
SALE, FIXING THE FORM AND DETAILS AND PROVIDING FOR
THE EXECUTION AND DELIVERY THEREOF AND SECURITY
THEREFOR

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations 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 the corporation in my legal custody, from which they have been transcribed; that the documents are a correct and complete transcript of the minutes of a meeting of the governing body of the corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at the meeting, insofar as they relate to the obligations; and that the 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 given as required by law.

WITNESS my hand officially as such recording officer this ____ day of August, 2014.

Debra Mangen, City Clerk

It was reported that _____ () proposals had been received prior to [12:00 Noon], Central Time today for the purchase of the \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A of the City in accordance with the Official Statement distributed by the City to potential purchasers of the Bonds. The proposals have been read and tabulated, and the terms of each have been determined to be as follows:

| <u>Name of Bidder</u> | <u>Bid for Principal</u> | <u>Interest Rates</u> | <u>Net Interest Cost</u> |
|-----------------------|------------------------------|---------------------------|------------------------------|
|-----------------------|------------------------------|---------------------------|------------------------------|

[See attached]

Councilmember _____ then introduced the following resolution and moved its adoption:

RESOLUTION NO. 2014-63

RESOLUTION RELATING TO \$5,925,000 GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2014A; AWARDING THE SALE, FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND SECURITY THEREFOR

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

Section 1. Recitals, Authorization and Sale of Bonds.

1.01. Authorization. The City owns and operates a municipal storm sewer utility (the "Storm Water Utility") and a municipal sanitary sewer and water utility (the "Sewer and Water Utility," which together with the Storm Water Utility is called the "Utilities"). This Council has heretofore ordered construction of improvements to the Utilities (the "Improvements"). This Council hereby determines to issue and sell \$5,925,000 principal amount of General Obligation Utility Revenue Bonds, Series 2014A, of the City (the "Bonds") to defray the expense incurred and estimated to be incurred by the City in making the Improvements, including every item of cost of the kinds authorized in Minnesota Statutes, Section 475.65, and **[\$53,325]** representing interest as provided in Minnesota Statutes, Section 475.56.

1.02. Sale of Bonds. The City has retained Ehlers & Associates, Inc., an independent financial advisor, to assist the City in connection with the sale of the Bonds. The Bonds are being sold pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9), without meeting the requirements for public sale under Minnesota Statutes, Section 475.60, Subdivision 1. Pursuant to the Terms and Conditions of Sale for the Bonds, _____ (____) proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been publicly read and considered, and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of _____, of _____, _____ (the "Purchaser"), to purchase the Bonds at a price of \$ _____, the Bonds to bear interest at the rates set forth in Section 3.01. The proposal is hereby accepted, and the Mayor and the City Manager are hereby authorized and directed to execute a contract on the part of the City for the sale of the Bonds with the Purchaser. The good faith checks of the unsuccessful bidders shall be returned forthwith.

1.03. Performance of Requirements. The City is authorized by Minnesota Statutes, Section 444.075, to issue and sell the Bonds to pay the costs of the Improvements, and to pledge to the payment of the Bonds net revenues to be derived from charges for the service, use and availability of the Utilities. The City presently has certain outstanding obligations which constitute a lien on the net revenues of the Utilities. Such obligations permit further pledges and

appropriations of net revenues of the Utilities to be made superior or subordinate to or on a parity with the pledge and appropriation of net revenues of the Utilities to pay such obligations. The City Council hereby determines that the estimated net revenues of the Utilities will be sufficient, together with any other sources pledged to or projected to be used, for the payment of the principal of and interest on the Bonds and such outstanding obligations which constitute a lien on the net revenues of the Utilities. 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, existing, having happened and having been performed, it is now necessary for this Council to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

Section 2. Form of Bonds. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN

CITY OF EDINA

GENERAL OBLIGATION UTILITY REVENUE BOND,
SERIES 2014A

No. R-_____ \$ _____

| <u>Interest Rate</u> | <u>Maturity</u> | <u>Date of Original Issue</u> | <u>CUSIP</u> |
|----------------------|------------------|-----------------------------------|--------------|
| _____% | February 1, ____ | July 8, 2014 | |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS

THE CITY OF EDINA, Hennepin County, Minnesota (the "City"), acknowledges itself to be indebted and, for value received, hereby promises to pay to the registered owner named 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. Interest hereon is payable on February 1 and August 1 in each year, commencing February 1, 2015 (each such date, an Interest Payment Date), 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, all subject to the provisions referred to herein with respect to the redemption of the principal of this Bond before maturity. The interest so payable on any Interest Payment Date shall be paid 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

calendar month next preceding such Interest Payment Date. 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 U.S. Bank National Association in St. Paul, Minnesota, as Bond Registrar, Transfer Agent and Paying Agent (the Registrar), or its designated successor under the Resolution described herein.

This Bond is one of an issue in the aggregate principal amount of \$5,925,000 (the "Bonds") all of like date and tenor except as to serial number, interest rate, redemption privilege and maturity date, issued pursuant to a resolution adopted by the City Council on June 17, 2014 (the "Resolution"), for the purpose of financing the costs of improvements to the storm sewer utility and to the sanitary sewer and water utility of the City and is issued pursuant to and in full conformity with the provisions of the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 444.075 and Chapter 475. For the full and prompt payment of the principal and interest on the Bonds as the same become due, the full faith, credit and taxing power of the City have been and are hereby irrevocably pledged. The Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any multiple thereof, of single maturities.

Bonds maturing in the years 2015 through 2022 are payable on their respective stated maturity dates without option of prior payment, but Bonds having stated maturity dates in the years 2023 and thereafter are each subject to redemption and prepayment, at the option of the City and in whole or in part, and if in part, in the maturities selected by the City and, within any maturity, in \$5,000 principal amounts selected by lot, on February 1, 2022 and on any date thereafter, at a price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

[INSERT REDEMPTION PROVISIONS FOR ANY TERM BONDS.]

At least thirty days prior to the date set for redemption of any Bond, notice of the call for redemption will be mailed to the Bond Registrar and to the registered owner of each Bond to be redeemed at his address appearing in the Bond Register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of the 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 the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price herein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portions of Bonds shall cease to bear interest. Upon the partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by his 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 his attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the City will

cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

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

Notwithstanding any other provisions 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 other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

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 this Bond a valid and binding general obligation of the City according to its terms, have been done, do exist, have happened and have been performed in regular and due form as so required; that in and by the Resolution, the City has pledged to the payment of the principal of and interest on the Bonds net revenues of the storm water utility and sanitary sewer and water utility of the City; that in and by the Resolution, the City has covenanted and agreed with the owner of the Bonds that it will impose and collect charges for the service, use and availability of its storm water utility and sanitary sewer and water utility at the time and in the amounts required to produce net revenues adequate to pay all principal of and interest on the Bonds and on all other bonds payable from net revenues of the storm water utility and sanitary sewer and water utility as such principal and interest respectively become due; that if needed to pay the principal and interest on this Bond, ad valorem taxes will be levied upon all taxable property in the City without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation.

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 the manual signature one of its authorized representatives.

IN WITNESS WHEREOF, the City has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and the City Manager.

CITY OF EDINA

City Manager

Mayor

Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Bond Registrar, which requirements include membership or participation in the Securities Transfer Association Medallion Program (STAMP) or such other “signature guaranty program” as may be determined by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

[End of Bond Form]

Section 3. Bond Terms, Execution and Delivery.

3.01. Maturities, Interest Rates, Denominations, Payment, Dating of Bonds. The City shall forthwith issue and deliver the Bonds, which shall be denominated “General Obligation Utility Revenue Bonds, Series 2014A.” The Bonds shall be dated as of July 8, 2014, shall be issuable in the denominations of \$5,000 or any integral multiple thereof, shall mature on February 1 in the years and amounts set forth below, and Bonds maturing in such years and amounts shall bear interest from date of issue until paid or duly called for redemption at the rates per annum set forth opposite such years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u> | <u>Amount</u> | <u>Rate</u> |
|-------------|---------------|-------------|-------------|---------------|-------------|
| 2015 | \$605,000 | | 2020 | \$585,000 | |
| 2016 | 565,000 | | 2021 | 595,000 | |
| 2017 | 565,000 | | 2022 | 605,000 | |
| 2018 | 570,000 | | 2023 | 620,000 | |
| 2019 | 580,000 | | 2024 | 635,000 | |

[REVISE FOR ANY TERM BONDS.]

The Bonds shall be issuable only in fully registered form, of single maturities. The interest thereon and, upon surrender of each Bond at the principal office of the Registrar described herein, the principal amount thereof, shall be payable by check or draft issued by the Registrar. Each Bond shall be dated by the Registrar as of the date of its authentication.

3.02. Interest Payment Dates. Interest on the Bonds shall be payable on February 1 and August 1 in each year, commencing February 1, 2015, to the owners thereof as such appear of record in the bond register as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

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

(a) Register. The Registrar shall keep at its principal 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 to the Registrar 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 Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner’s attorney duly authorized in writing.

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

(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 its 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 any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be 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 any such registered owner or upon the owner’s order shall be valid and effectual to satisfy and discharge the liability of the City upon such 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 lost, stolen or destroyed, the Registrar shall deliver a new Bond of like amount, number, interest rate, 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 such Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond lost, stolen or destroyed, upon receipt by the Registrar of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon receipt by the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed 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 City, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

3.04. Appointment of Initial Registrar. The City hereby appoints U.S. Bank National Association in St. Paul, Minnesota, as the initial Registrar. The Mayor and City Manager are authorized to execute and deliver, on behalf of the City, a contract with U.S. Bank National Association, as 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, such corporation shall be 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 any Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar.

3.05. Redemption. (a) Bonds maturing in the years 2015 through 2022 are payable on their respective stated maturity dates without option of prior payment, but Bonds maturing in 2023 and thereafter are each subject to redemption, at the option of the City and in whole or in part, and if in part, in the maturities selected by the City and, within any maturity, in \$5,000 principal amounts selected by the Registrar by lot, on February 1, 2022 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

[(b) Bonds maturing in the year _____ shall be subject to mandatory sinking fund redemption by lot at a redemption price equal to the principal amount of the Bonds to be so redeemed plus interest accrued thereon to the date fixed for redemption, on February 1, in the years and principal amounts set forth below:

delivered under this Resolution. When the Bonds have been so prepared, executed and authenticated, the City Finance Director shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

3.07. Use of Securities Depository; Book-Entry Only System. The provisions of this Section shall take precedence over the provisions of Sections 3.01 through 3.06 to the extent they are inconsistent therewith.

(a) The Depository Trust Company (“DTC”) has agreed to act as securities depository for the Bonds, and to provide a Book-Entry Only System for registering the ownership interest of the financial institutions for which it holds the Bonds (the “DTC Participants”), and for distributing to such DTC Participants such amount of the principal and interest payments on the Bonds as they are entitled to receive, for redistribution to the beneficial owners of the Bonds as reflected in their records (the “Beneficial Owners”).

(b) Initially, and so long as DTC or another qualified entity continues to act as securities depository, the Bonds shall be issued in typewritten form, one for each maturity in a principal amount equal to the aggregate principal amount of each maturity, shall be registered in the name of the securities depository or its nominee, shall be subject to the provisions of this Section 3.07, and no Beneficial Owner shall have the right to receive a certificate of ownership or printed Bond. While DTC is acting as the securities depository, the Bonds shall be registered in the name of the DTC’s nominee, CEDE & CO; provided that upon delivery by DTC to the City and the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words “CEDE & CO.” in this Order shall refer to such new nominee of DTC.

With respect to Bonds registered in the name of a securities depository or its nominee, the City and the Registrar shall have no responsibility or obligation to any DTC Participant or Beneficial Owner with respect to the following: (i) the accuracy of the records of any securities depository or its nominee with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or other person or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than DTC, of any amount with respect to the principal of or premium, if any, or interest on the Bonds. The Registrar shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal and interest on the Bonds to the extent of the sum or sums so paid. So long as the Book-Entry Only System is in effect, no person other than DTC shall receive an authenticated Bond.

(c) Upon receipt by the City and the Registrar of written notice from the securities depository to the effect that it is unable or unwilling to discharge its responsibilities under the Book-Entry Only System, the Registrar shall issue, transfer and exchange Bonds of the initial series as requested by the securities depository in appropriate amounts, and whenever the securities depository requests the City and the Registrar to do so, the City and the Registrar shall cooperate with the securities depository in taking appropriate action after reasonable notice (i) to

arrange for a substitute depository willing and able, upon reasonable and customary terms, to maintain custody of the Bonds, or (ii) to make available Bonds registered in whatever name or names the Beneficial Owner registering ownership transferring or exchanging such Bonds shall designate, in accordance with clause (f) or clause (g) below, whichever is applicable.

(d) In the event the City determines that it is in the best interests of the Beneficial Owner that they be able to obtain printed Bonds, the City may so notify the securities depository and the Registrar, whereupon the securities depository shall notify the Beneficial Owners of the availability through the securities depository of such printed Bonds. In such event, the City shall cause to be prepared and the Registrar shall issue, transfer and exchange the printed Bonds fully executed and authenticated, as requested by the securities depository in appropriate amounts and, whenever the securities depository requests, the City and the Registrar shall cooperate with the securities depository in taking appropriate action after reasonable notice to make available printed Bonds registered on the Bond Register in whatever name or names the Beneficial Owners entitled to receive Bonds shall designate, in accordance with clause (f) or clause (g) below, whichever is applicable.

(e) Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of a securities depository or its nominee, all payments of principal and interest on the Bond and all notices with respect to the Bond shall be made and given, respectively, to the securities depository.

(f) In the event that the Book-Entry Only System established pursuant to this Section is discontinued, except as provided in clause (g), the Bonds shall be issued through the securities depository to the Beneficial Owners.

(g) In the event of termination of the Book-Entry Only System, the City shall have the right to terminate, and shall take all steps necessary to terminate, all arrangements with the securities depository described herein, and thereafter shall issue, register ownership of, transfer and exchange all Bonds as provided in Section 3.03. Upon receipt by the securities depository of notice from the City, the securities depository shall take all actions necessary to assist the City and the Registrar in terminating all arrangements for the issuance of documents evidencing ownership interests in the Bonds through the securities depository. Nothing herein shall affect the securities depository's rights under clause (e) above.

Section 4. Security Provisions.

4.01. 2014 Utilities Construction Fund. There is hereby created a special bookkeeping fund to be designated as the "2014 Utilities Construction Fund" (the "Construction Fund"), to be held and administered by the City Finance Director separate and apart from all other funds of the City. The City appropriates to the Construction Fund the proceeds of the sale of the Bonds. The Construction Fund shall be used solely to defray expenses of the Improvements, including but not limited to the transfer to the Bond Fund, created in Section 4.02 hereof, of amounts sufficient for the payment of interest, due upon the Bonds prior to the completion of the Improvements and the payment of the expenses incurred by the City in connection with the issuance of the Bonds. Upon completion and payment of all costs of the Improvements, any balance of the proceeds of Bonds remaining in the Construction Fund may be used to pay the cost, in whole or in part, of

any other improvements to the Utilities, as directed by the City Council, but any balance of such proceeds not so used shall be credited and paid to the Bond Fund.

4.02. 2014 Utilities Bond Fund. So long as any of the Bonds are outstanding and any principal of or interest thereon unpaid, the City Finance Director shall maintain on its books and records a separate and special bookkeeping fund designated "2014 Utilities Bond Fund" (the "Bond Fund") to be used for no purpose other than the payment of the principal of and interest on the Bonds and any additional obligations of the City payable therefrom pursuant to Section 4.03 hereof. If the balance in the Bond Fund is ever insufficient to pay all principal and interest then due on bonds payable therefrom, the City Finance Director shall nevertheless provide sufficient money from any other funds of the City which are available for that purpose, and such other funds shall be reimbursed from subsequent receipts of net revenues of the Utilities appropriated to the Bond Fund and, if necessary, from the proceeds of the taxes levied for the Bond Fund. The City Finance Director shall deposit in the Bond Fund the proceeds of all taxes levied and all other money which may at any time be received for or appropriated to the payment of such bonds and interest, including the net revenues of the Utilities herein pledged and appropriated to the Bond Fund, all collections of any ad valorem taxes levied for the payment of the Bonds, and all other moneys received for or appropriated to the payment of the Bonds and interest thereon.

There are hereby established two accounts in the Bond Fund, designated as the "Debt Service Account" and the "Surplus Account." All money appropriated or to be deposited in the Bond Fund shall be deposited as received into the Debt Service Account. On each February 1, the City Finance Director shall determine the amount on hand in the Debt Service Account. If such amount is in excess of one-twelfth of the debt service payable from the Bond Fund in the immediately preceding 12 months, the City Finance Director shall promptly transfer the amount in excess to the Surplus Account. The City appropriates to the Surplus Account any amounts to be transferred thereto from the Debt Service Account as herein provided and all income derived from the investment of amounts on hand in the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient to meet the requirements of the Bond Fund, the City Finance Director shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency.

4.03. Imposition of Charges; Additional Bonds. The City hereby covenants and agrees with the holders from time to time of the Bonds that so long as any of the Bonds are outstanding, the City will impose and collect reasonable charges for the service, use and availability of the Utilities to the City and its inhabitants according to schedules calculated to produce net revenues which, will be sufficient to pay all principal and interest when due on the Bonds and all other obligations payable from the net revenues of the Utilities. Net revenues of the Utilities, to the extent necessary, are hereby irrevocably pledged and appropriated to the payment of the principal of the Bonds and interest thereon; provided that nothing herein shall preclude the City from hereafter making further pledges and appropriations of net revenues of the Sewer and Water Utility or Storm Water Utility for the payment of additional obligations of the City hereafter authorized if the City Council determines before the authorization of such additional obligations that the estimated net revenues of the Utilities will be sufficient, together with any other sources pledged to or projected to be used, for the payment of the principal of and interest on the Bonds and paid therefrom 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, as to the application of net revenues received from time to time.

4.04. Full Faith and Credit Pledged. The full faith and credit of the City are irrevocably pledged for the prompt and full payment of the principal of and the interest on the Bonds and any other obligations payable from the Bond Fund, as such principal and interest comes due. If the money on hand in the Bond Fund should at any time be insufficient for the payment of principal and interest then due, this City shall pay the principal and interest out of any fund of the City, and such other fund or funds shall be reimbursed therefor when sufficient money is available to the Bond Fund. If on February 1 in any year the sum of the balance in the Bond Fund plus the available net revenues of the Utilities on hand and estimated to be received or before the end of the following calendar year is not sufficient with any ad valorem taxes heretofore levied in accordance with the provisions of this resolution, to pay when due all principal and interest become due on all Bonds payable therefrom in said following calendar year, or the Bond Fund has incurred a deficiency in the manner provided in this Section 4.04, a direct, irrevocable, ad valorem tax shall be levied on all taxable property within the corporate limits of the City for the purpose of restoring such accumulated or anticipated deficiency in an amount at least 5% in excess of amount needed to make good the deficiency.

Section 5. Defeasance. When any Bond has been discharged as provided in this Section 5, all pledges, covenants and other rights granted by this resolution to the holders of such Bonds shall cease, and such Bonds shall no longer be deemed outstanding under this Resolution. The City may discharge its obligations with respect to any Bond which is due on any date by irrevocably 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, the City may nevertheless discharge its obligations with respect thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal and interest to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

Section 6. County Auditor Registration, Certification of Proceedings, Investment of Money, Arbitrage, Official Statement and Fees.

6.01. County Auditor Registration. The City Clerk is hereby authorized and directed to file a certified copy of this Resolution with the County Auditor of Hennepin County, together with such other information as the County Auditor shall require, and to obtain from said County Auditor a certificate that the Bonds have been entered on his bond register as required by law.

6.02. Certification of Proceedings. The officers of the City and the County Auditor of Hennepin County are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel to the City, certified copies of all proceedings and

records of the City, 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 under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

6.03. Covenant. 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 Regulations promulgated thereunder (the Regulations), as such are enacted or promulgated and in effect on the date of issue of the Bonds, and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become subject to taxation under such Code and Regulations. The Improvements are public improvements available for use by members of the general public on a substantially equal basis. The Improvements shall at all times during the term of the Bonds be owned and maintained by the City and the City will not enter into any lease, use agreement, management agreement, or other agreement or contract respecting the Improvements 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.

6.04. Arbitrage Rebate. The City shall take such actions as are required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

6.05. Arbitrage Certification. The Mayor and the City Manager, being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser a certification in accordance with the provisions of Section 148 of the Code, and the 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.

6.06. Official Statement. The Official Statement relating to the Bonds, dated June 6, 2014, prepared and distributed on behalf of the City by Ehlers & Associates, Inc., is hereby approved. Ehlers & Associates, Inc. is hereby authorized on behalf of the City to prepare and distribute to the Purchaser a supplement to the Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. Within seven business days from the date hereof, the City shall deliver to the Purchaser a reasonable number of copies of the Official Statement and such supplement. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

Section 7. Continuing Disclosure.

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other

participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The City has complied in all material respects with any undertaking previously entered into by it under the Rule. If the City 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 a writ of mandamus or specific performance. 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.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2013, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently

available of the type contained in the Official Statement under headings: "VALUATIONS—Current Property Valuations," "DEBT—Direct Debt" and "—Tax Levies and Collections" and "GENERAL INFORMATION—U.S. Census Data" and "—Employment / Unemployment Data," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. 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 the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access System (EMMA) or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City 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 financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a Material Fact):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;

- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is “material” if it is an event 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, an event is also “material” if it is 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.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);

- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City 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 City 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.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City 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 City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) 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.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 8. Authorization of Payment of Certain Costs of Issuance of the Bonds. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Klein Bank, on the closing date for further distribution as directed by the City's financial advisor, Ehlers & Associates, Inc.

Adopted this 17th day of June, 2014.

Mayor

Attest: _____
City Clerk

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

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted, and was signed by the Mayor which signature was attested by the City Clerk.

COUNTY AUDITOR'S CERTIFICATE AS TO REGISTRATION OF BONDS

CITY OF EDINA, MINNESOTA

I, the undersigned, being the duly qualified and acting County Auditor of Hennepin County, Minnesota, hereby certify that there has been filed in my office a certified copy of a resolution of the City Council of the City of Edina, in said County, adopted June 17, 2014, awarding the sale, fixing the form and details and providing for the execution, delivery and security of \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A, of the City, to be dated, as of July 8, 2014.

I further certify that said Bonds have been entered on my bond register as required by Minnesota Statutes, Sections 475.62.

WITNESS my hand and official seal this ____ day of _____, 2014.

Hennepin County Auditor

(SEAL)