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Title: RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF TAXABLE GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2016B, IN THE APPROXIMATE AMOUNT OF \$7,820,000; ESTABLISHING THE TERMS AND FORM THEREOF; CREATING A BOND FUND THEREFOR; AND PROVIDING FOR AWARDED THE SALE THEREOF.

Sponsors:

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Code sections:

Attachments: 1. Exhibit A, 2. Exhibit B

Date	Ver.	Action By	Action	Result
2/8/2016	1	Mayor	approved	
2/8/2016	1	City Council		

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF TAXABLE GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2016B, IN THE APPROXIMATE AMOUNT OF \$7,820,000; ESTABLISHING THE TERMS AND FORM THEREOF; CREATING A BOND FUND THEREFOR; AND PROVIDING FOR AWARDED THE SALE THEREOF.

CITY PROPOSAL:

BE IT RESOLVED, by the City Council (the "City Council") of the city of Duluth, St. Louis County, Minnesota (the "City"), as follows:

Section 1. Bond Purpose and Authorization.

1.01 Cirrus Development Corporation ("Cirrus") is a major manufacturer of general aviation aircraft with its main manufacturing facilities and related offices located at the Duluth International Airport (the "Airport"). Cirrus desires to expand its manufacturing and assembly facilities at the Airport to include facilities to manufacture the new Vision SF50 personal jet and to develop needed research and development facilities adjacent thereto. Cirrus desires to relocate its painting and finishing operations for its product lines to a new location so that it may repurpose its existing facilities for manufacture and assembly of the new Vision SF50 personal jet and for development of its research and design operations. Cirrus proposes to develop a new approximately 68,000 square foot facility, which is expected to be used for such painting and finishing operations, and to construct certain on-site and off-site improvements relating to such facility (the "Project").

1.02 Cirrus has proposed that the City assist in the development of the Project through a Minnesota Investment Fund Loan in the amount of \$4,000,000 and through a loan of the proceeds of general obligation tax abatement bonds to provide a portion of the financing for the Project.

1.03 Pursuant to Minnesota Statutes, Section 469.1812 through 469.1815 (the “Act”), the City Council may grant an abatement of the taxes imposed by the City on parcels of property, subject to certain conditions set forth in the Act. To pay the costs of the Project or principal of and interest on the general obligation bonds to be issued by the City to pay for costs of the Project, the City Council by Resolution 15-0849R adopted December 14, 2015 (the “Abatement Resolution”), has granted an abatement of property taxes imposed by the City on certain parcels in the City pursuant to the Act for a period of 15 years commencing with property taxes payable in 2017 and concluding with property taxes payable in 2031 in a total aggregate amount of \$8,500,000 (the “Tax Abatement”). The revenues received by the City from such Tax Abatement are herein referred to as the “Tax Abatement Revenues.”

1.04 The City Council has determined to issue its Taxable General Obligation Tax Abatement Bonds, Series 2016B, in the approximate amount of \$7,820,000 pursuant to Minnesota Statutes, Section 469.1814 and Minnesota Statutes, Chapter 475, to pay for costs of the Project, capitalized interest and costs of issuance of such bonds (the “Bonds”) and to pledge the City’s full faith and credit and power to levy direct ad valorem taxes and the Tax Abatement Revenues to pay the principal of and interest on the Bonds.

1.05 The City Council hereby finds and determined as follows:

(a) The Bonds shall be dated the date of issuance and shall bear interest at the rates determined by the successful proposer. Interest shall be payable on February 1 and August 1 (each an “Interest Payment Date”) commencing on August 1, 2016.

(b) The Bonds shall mature on the dates and in the amounts set forth in the Official Terms and Conditions of Bond Sale attached hereto as Exhibit A (as may be adjusted) and as described in a Certificate as to Terms of Bond Sale and Levy of Taxes to be executed by the chief financial officer; provided, however, the total amount of the Bonds shall not exceed \$8,150,000, subject to adjustment for a premium sale price as permitted by Section 475.60 of the Act and the final maturity of the Bonds shall not be later than February 1, 2032. The City, through the chief administrative officer, reserves the right to issue or to not issue the Bonds based on applicable market conditions.

1.06 The Official Terms and Conditions of Bond Sale as set forth on Exhibit A hereto are approved, subject to the changes permitted below. Proposals for the Bonds will be received on a date and time determined by the chief administrative officer on the terms and conditions set forth in the Official Terms and Conditions of Bond Sale, which terms and conditions may be modified by the

chief administrative officer after consulting with the City's municipal advisor, based on market conditions, so long as the sale of the Bonds occurs on or before April 28, 2016, and so long as the true interest cost of the Bonds does not exceed 4.0% per annum. As authorized by Section 475.60 of the Act, the City Council hereby delegates to the chief administrative officer and the chief financial officer, or either of them, authority to consider the proposals and award the sale of the Bonds, and upon acceptance of the best proposal meeting the requirements of this resolution, the chief administrative officer and the chief financial officer, or either of them, shall execute on behalf of the City an agreement to sell the Bonds to the successful proposer.

1.07 The City has retained Public Financial Management, Inc., Minneapolis, Minnesota ("PFM"), as an independent municipal advisor to the City, and pursuant to Section 475.60, Subd. 2, paragraph (9) of the Act, PFM is hereby authorized to solicit proposals for the sale of the Bonds on behalf of the City in accordance with the directions of the chief administrative officer.

1.08 The City staff, in cooperation with PFM, is authorized and directed to prepare on behalf of the City an official statement for the sale of the Bonds and to obtain ratings of the Bonds.

Section 2. Terms of Bonds.

2.01 (a) The Bonds maturing in the years 2018 through 2026 shall not be subject to optional redemption and prepayment before maturity, but those maturing in the year 2027 and in subsequent years shall each be subject to redemption and prepayment at the option of the City on February 1, 2026, and on any date thereafter, in whole or in part, and if in part, in such order of maturities as selected by the City and by lot as to the Bonds maturing in the same year, at a price equal to the principal amount thereof plus accrued interest to the redemption date.

(b) In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar; provided however, that so long as the Bonds are registered in the name of Cede & Co. as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), notice of redemption shall be given in accordance with the terms of the Representation Letter hereinafter described. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure. 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.

(c) If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the City or the Bond Registrar designated below will notify 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 interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

2.02 Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the municipal securities rulemaking board. The Bond Registrar designated below shall make all interest payments with respect to the Bonds by check or draft mailed to the registered owners of the Bonds shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.03 (a) The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the mayor and attested by the manual or facsimile signature of the city clerk. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery.

(b) The city clerk is authorized and directed to obtain a copy of the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. of Duluth, Minnesota, and cause the opinion to be attached to each Bond.

2.04 The City hereby appoints U.S. Bank National Association, in St. Paul, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Bonds (such bank or its successor is herein referred to as the "Bond Registrar"). To provide for the Bond Registrar services, the mayor and the clerk are authorized and directed to execute a bond registrar/paying agent agreement. No Bond shall be valid or obligatory for any purpose until the Bond Registrar's authentication certificate on such Bond, substantially set forth in Section 2.11 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Bonds need not be signed by the same representative. The manual signature of one officer of the City or the executed authentication certificate on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

2.05 (a) In order to make the Bonds eligible for the services provided by DTC, the City has previously agreed to the applicable provisions set forth in the blanket issuer letter of representations which has been executed by the City and DTC (the "Representation Letter").

(b) Notwithstanding any provision herein to the contrary, so long as the Bonds shall

be in Book-Entry Form, the provisions of this Section 2.05 shall govern.

(c) All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the City on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter.

(d) DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the City shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and deliver Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the City and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever.

(e) The City and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

(i) with respect to notices of redemption; and

(ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter.

(f) All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.06 The City shall cause to be kept by the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the City shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the City shall execute and the Bond Registrar shall authenticate, if required by law or this resolution, and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount, as requested by the transferor.

2.07 Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. Each Bond shall be dated by the Bond Registrar as of the date of its authentication. The City and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the mailing of the notice of redemption in the case of a proposed redemption of the Bonds.

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

2.09 The principal of and interest on the Bonds shall be payable by the Bond Registrar, as paying agent, in such funds as are legal tender for the payment of debts due the United States of America. The City shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.10 Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the City and the purchaser. Printed or typewritten and executed Bonds shall be furnished by the City without cost to the purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the treasurer to the

purchaser upon receipt of the purchase price plus accrued interest.

2.11 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

CITY OF DULUTH
TAXABLE GENERAL OBLIGATION TAX ABATEMENT BOND, SERIES 2016B

R-_____ \$_____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, _____	_____, 2016	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Duluth, in St. Louis County, Minnesota (the "City"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2016. Both principal and interest are payable in lawful money of the United States of America by check or draft at the office of U.S. Bank National Association, in St. Paul, Minnesota, as the registrar, paying agent, transfer agent and authenticating agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the City Council. The Bond Registrar shall make the interest payment with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the City by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day), at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the City are irrevocably pledged.

This Bond is one of a series issued by the City in the aggregate amount of \$7,820,000, all of like date and tenor, except for number, denomination, maturity date and interest rate, pursuant to the

authority contained in Minnesota Statutes, Chapter 475, Section 469.1814, and all other laws thereto enabling and pursuant to a resolution adopted on February 8, 2016, by the governing body of the City (the "Resolution"), and is issued for the purpose of financing a portion of the costs of a new approximately 68,000 square foot facility to be constructed by Cirrus Design Corporation for its aircraft manufacturing and assembly facilities located at the Duluth International Airport. The principal hereof and interest hereon are payable from tax abatement revenues and from ad valorem taxes levied upon all taxable property in the City as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

The Bonds maturing in the years ____ and ____ shall be subject to mandatory redemption and redeemed in installments as provided in the Resolution, at par plus accrued interest to the date of redemption.

The Bonds of this series maturing in the years 2018 through 2026 are not subject to redemption before maturity, but those maturing in the year 2027 and in subsequent years are each subject to redemption and prepayment at the option of the City on February 1, 2026, and on any date thereafter upon 30 days' notice, in whole or in part, and if in part, in such order of maturities as selected by the City, and by lot as to Bonds maturing in the same year, at a price equal to the principal amount plus accrued interest to the redemption date.

Not less than 30 nor more than 60 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; provided, however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, Jersey City, New Jersey ("DTC"), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations executed by the City and DTC.

If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the City or the Bond Registrar designated below will notify 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 interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest. If any Bond is redeemed in part, upon surrender of the Bond being redeemed, the City shall deliver or cause to be delivered to the registered owner of such Bond, a Bond in like form in the principal amount equal to that portion of the Bond so surrendered not being redeemed.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, this Bond is transferable by the registered owner hereof upon surrender of this Bond for

transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the City shall execute and the Bond Registrar shall authenticate, if required by law and the Resolution, and deliver, in exchange for this Bond, one or more new fully registered bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of this Bond, of the same maturity and bearing interest at the same rate.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the City and by the laws and the Constitution of the State of Minnesota to be done and to exist precedent 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 and do exist in form, time and manner as so required; that all taxable property within the corporate limits of the City is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, 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, statutory or charter 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 Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the City of Duluth, by its City Council, has caused this Bond to be executed in its name by the facsimile signatures of the Mayor and the City Clerk.

Attest:

Clerk

Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of a Bond registered in the name of the owner named above, in the principal amount stated above, and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

U.S. BANK NATIONAL ASSOCIATION
Bond Registrar

By _____
Authorized Representative

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by U.S. Bank National Association, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of U.S. Bank National Association as Bond Registrar, in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Bond Registrar</u>
___/___/2016	Cede & Co. c/o The Depository Trust Company 570 Washington Blvd. Jersey City, NJ 07310 Federal Taxpayer I.D. No.: 13-2555119	

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

(Name and Address of Assignee)

_____	Social Security or Other
_____	Identifying Number of Assignee

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 thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 3. Revenues, Accounts and Covenants.

3.01 The City has created Fund 412 - Cirrus Building (the "Construction Account") to which there shall be credited proceeds of the Bonds as set forth in the Certificate as to Terms of Bond Sale and Levy of Taxes. The funds from the Construction Account shall be used solely to pay the costs of the Project and the costs of issuance of the Bonds; and the money in said account shall be used for no other purpose except as otherwise provided by law.

3.02 (a) Until the Bonds are fully paid or duly called for redemption or otherwise discharged, the City will also maintain a separate debt service account designated as the Series 2016B Bonds Debt Service Account (the "Debt Service Account") in the City's debt service fund created by Section 54(a) of the City Charter, to be used solely for the payment of the interest and the principal, respectively, as such principal and interest become due and payable on the Bonds.

(b) There is hereby pledged to the Debt Service Account the Tax Abatement Revenues pursuant to the Abatement Resolution as received by the City.

(c) The treasurer shall credit to the Debt Service Account the rounding amount of the Bonds, capitalized interest from the proceeds of the Bonds, all Tax Abatement Revenues received by the City pursuant to the Abatement Resolution, the ad valorem taxes levied pursuant to Section 3.03 hereof, and any other funds appropriated by the City Council for payment of the principal of and interest on the Bonds.

3.03 (a) The full faith and credit and taxing power of the City are hereby irrevocably pledged for the prompt and full payment of the principal of and interest on the Bonds, as such principal and interest respectively become due. To provide monies for the payment of the principal and interest on the Bonds, there is hereby levied a direct, annual ad valorem tax upon all taxable property within the City which shall be extended upon the tax rolls and collected with and part of the

other general property taxes of the City for the years and in the amounts as set forth in the Certificate as to Terms of Bond Sale and Levy of Taxes. Said levies are such that if collected in full they will produce at least 5% in excess of the amount needed to meet when due the principal and interest on the Bonds.

Such tax levies shall be irrevocable as long as any of the Bonds issued hereunder are outstanding and unpaid; provided, however, that in each year while any Bonds issued hereunder remain outstanding, the city council shall reduce or cancel the above levies to the extent of an irrevocable appropriation to the Debt Service Account of monies actually on hand for payment of the principal and interest payable in the ensuing year and shall direct the county auditor to reduce the levy for such calendar year by that amount.

(b) All proceeds of the Tax Abatement Revenues and said taxes are hereby appropriated and shall be paid when collected into the Debt Service Account. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds, the treasurer 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 the Debt Service Account when the balance therein is sufficient.

3.04 Proceeds of the Bonds on deposit in the Construction Account and the Debt Service Account shall be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investment shall mature at such time and in such amounts as will permit the payment of the construction costs of the Project and/or principal and interest on the Bonds when due. Investment income shall be credited to the fund or account from which the monies were invested.

Section 4. Continuing Disclosure. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. §240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the Bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the mayor and the clerk are hereby authorized and directed to execute a continuing disclosure certificate in the form of Exhibit B attached hereto.

Section 5. Certificate of Proceedings.

5.01 The city clerk is directed to file with the county auditor a certified copy of this resolution and such other information as the county auditor may require, and to obtain from the county auditor a certificate stating that the Bonds herein authorized have been duly entered on his register.

5.02 The officers of the City are authorized and directed to prepare and furnish to the

purchaser and to bond counsel certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the City as to the correctness of facts recited therein and the actions stated therein to have been taken.

5.03 The officers of the City are hereby authorized and directed to certify that they have examined the official statement prepared and circulated in connection with the 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.

STATEMENT OF PURPOSE: This resolution authorizes the sale of taxable general obligation tax abatement bonds to finance a portion of the costs of the Cirrus Design Corporation Completion Center expansion project. The proceeds of the Bonds will be loaned to Cirrus pursuant to the Development Agreement dated December 16, 2015. The resolution allows the chief administrative officer to select the date to offer the Bonds for sale, authorizes the City's municipal advisor, Public Financial Management, to solicit proposals and authorizes the chief administrative officer and the chief financial officer, or either of them, to award the sale so long as the true interest cost of the Bonds does not exceed 4.0% per annum.