

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF THE
CITY OF ROCKVILLE, MINNESOTA

HELD: 15 July 2009

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Rockville, State of Minnesota, was duly held on Wednesday, July 15, 2009 at 6:00 p.m.

The following Council members were present:

and the following were absent:

Council member _____ introduced the following resolution and moved its adoption:

**RESOLUTION APPROVING THE ISSUANCE OF
\$1,675,000 G.O. WATER REFUNDING BONDS, SERIES 2009A;
COVENANTING AND OBLIGATING THE CITY TO BE BOUND BY AND TO USE
THE PROVISIONS OF MINNESOTA STATUTES, SECTION 446A.086
TO GUARANTEE THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS**

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

1. The City Council hereby finds and declares that it is necessary and expedient for the City to sell and issue its fully registered general obligation refunding bonds in the total aggregate principal amount of not to exceed \$1,675,000 (herein, the "Bonds"). The proceeds of the Bonds will be used, together with any additional funds of the City which are required for the refinancing of the \$915,000 GO Water Revenue Bonds, Series 2005B, the \$140,800 GO Disposal System Bond of 1997, the \$117,800 GO Disposal System Bond of 1998 and the \$608,500 GO Water Revenue Bond of 2001.
2. The City Council desired to proceed with the sale of the Bonds by direct negotiation and hereby authorizes David Drown Associates, Inc. (herein, "DDA") to negotiate on behalf of the City.
3. The Mayor and the City Administrator are hereby authorized to approve the sale of the Bonds in an aggregate principal amount of note to exceed \$1,675,000 and to execute a bond purchase agreement for the purchase of the Bonds provided the total net present value savings is at least three percent (3.0%) of refunded principal or \$50,000.
4. Upon approval of the sale of the Bonds by the Mayor and the City Administrator, the City Council will take action at its next regularly scheduled meeting thereafter to adopt the necessary approving resolutions as prepared by the City's bond counsel.
5. Minnesota Public Facilities Authority Credit Enhance Program
 - A. Form of Minnesota Public Facilities Authority (the "PFA") Credit Enhancement Program Agreement (the "Agreement"); and
 - B. Application for Participation in the PFA Credit Enhancement Program (the "Application").

1. The Agreement and the Application are authorized and approved in substantially the forms presented to the Council. Submission of the Application to the PFA and payment of related fees are approved. The City hereby covenants and obligates itself to be bound by the provisions of Minnesota Statutes, Section 446A.086, as it may be amended from time to time. The City understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 446A.086, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.
2. The City hereby covenants and obligates itself to notify the Minnesota Public Facilities Authority of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 446A.086 to guarantee payment of the principal and interest on the Bonds when due. The City further covenants to deposit with the Bond Registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Minnesota Public Facilities Authority that it will be unable to make all or a portion of that payment. The Bond Registrar for the Bonds is authorized and directed to notify the Minnesota Public Facilities Authority if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar.
3. The City further covenants to comply with all procedures now or hereafter established by the Department of Finance and Minnesota Public Facilities Authority pursuant to Minnesota Statutes, Section 446A.086, subdivision 3 and otherwise to take such actions as necessary to comply with that section. The Mayor and City Clerk are authorized to execute any applicable Minnesota Public Facilities Authority forms and to provide for the payment of the City's application fee of \$500 to the Authority, or will reimburse DDA for their payment of the fee on the City's behalf, which fee is required to be submitted with the executed forms.

6. DDA is authorized to prepare an Offering Memorandum related to the sale of the Bonds.

7. If the Mayor and City Administrator have not approved the sale of the bonds and executed the related bond purchase agreement by October 1, 2009 this resolution shall expire.

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

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF STEARNS
CITY OF ROCKVILLE

I, the undersigned, being the duly qualified and acting Administrator of the City of Rockville, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the City's \$1,675,000 General Obligation Refunding Bonds, Series 2009A.

WITNESS my hand as such Administrator of the City this 15th day of July, 2009.

Rena Weber
City Administrator