

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

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Cologne, Minnesota, was duly held in the City Hall in said City on Monday, September 15, 2014, commencing at 7:00 P.M.

The following Council Members were present: Donald Meyer, Jeff McInnis, Scott Williams, Kyle Evenski and Mayor Matt Lein.

and the following were absent: None.

Council Member Donald Meyer introduced the following resolution and moved its adoption:

**RESOLUTION NO. 14-19**  
**AUTHORIZING ISSUANCE AND SALE OF**  
**CHARTER SCHOOL LEASE REVENUE BONDS**  
**(COLOGNE ACADEMY PROJECT)**  
**SERIES 2014A AND SERIES 2014B**

WHEREAS, the purpose of Minnesota Statutes, Chapter 469.152 to 469.1655 (the "Act"), as found and determined by the legislature, is to promote the welfare of the state by the active attraction and encouragement and development of economically sound industry and commerce to prevent so far as possible the emergence of blighted and marginal lands and areas of chronic unemployment;

WHEREAS, factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land use which will provide an adequate tax base to finance these increased costs and the need for access to employment opportunities for such population;

WHEREAS, the City of Cologne, Minnesota (the "City") desires to facilitate the selective development within the State of Minnesota and help to provide the range of services and employment opportunities required by the population, including educational services; and the Project will assist in achieving those objectives and will enhance the image and reputation of the State of Minnesota;

WHEREAS, pursuant to the Act, the full faith and credit of the City will not be pledged to the payment of the principal of, premium, if any, and interest on the Bonds (as hereinafter defined);

WHEREAS, the City has received a proposal from Cologne Academy Building Company, a Minnesota nonprofit corporation (the "Borrower"), that the City issue its revenue bonds in the aggregate principal amount of up to \$15,000,000 to finance the construction and equipping an approximately 33,138 square foot addition to the K-8 charter school facility consisting of approximately 20,924 square foot of additional class room space and an approximately 12,214 square foot gymnasium, including parking lot additions and restructuring (collectively, the "Project"); and

WHEREAS, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the City held a public hearing on September 15, 2014 on the issuance of revenue bonds of the City to finance the Project.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Cologne, as follows:

1. The Borrower has proposed that the City issue its Charter School Lease Revenue Bonds (Cologne Academy Project), Series 2014A and Series 2014B, which may be in one or more series and either as notes or bonds (the "Bonds") in an amount not to exceed \$15,000,000 to finance the costs of the Project, in accordance with a Bond Purchase Agreement (the "Bond Purchase Agreement") among Piper Jaffray & Co. (the "Underwriter"), the Borrower and the City.

2. It is proposed that, pursuant to a Loan Agreement between the City and the Borrower (the "Loan Agreement"), the City will make a loan of the proceeds of the sale of the Bonds to the Borrower and the Borrower agrees to undertake and complete the Project and to pay amounts in repayment of the loan sufficient to provide for the full and prompt payment of the principal of, premium, if any, and interest on the Bonds. It is further proposed that the City assigns its rights to the payment and certain other rights under the Loan Agreement to Wells Fargo Bank, National Association (the "Trustee"), as security for payment of the Bonds under an Indenture of Trust (the "Indenture") between the City and the Trustee. The Bonds will be further secured by a Combination Mortgage, Security Agreement, and Assignment of Rents between the Borrower and the Trustee.

3. The Borrower and the Trustee will enter into a Continuing Disclosure Agreement to ensure compliance with Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended. The Bonds will be offered for sale by the Underwriter pursuant to an Official Statement (the "Official Statement").

4. Forms of the following documents have been submitted to the City Council:

- (a) Loan Agreement;
- (b) Indenture;

- (c) Bond Purchase Agreement; and
- (d) Preliminary Official Statement, the operative draft on the date hereof of the Official Statement.

The foregoing documents are hereafter referred to as the "Bond Documents."

5. It is hereby found, determined and declared that:

- (a) the Project constitutes a Project authorized by and described in the Act;
- (b) the issuance and sale of the Bonds, the execution and delivery by the City of the Bond Documents and the performance of all covenants and agreements of the City contained in the Bond Documents and of all other acts and things required under the constitution and laws of the State of Minnesota to make the Bond Documents and the Bonds valid and binding obligations of the City in accordance with their terms, are authorized by the Act;
- (c) it is desirable that the Bonds be issued by the City upon the terms set forth in the Indenture;
- (d) the basic payments under the Loan Agreement are fixed to produce revenue sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Bonds issued under the Indenture when due, and the Loan Agreement and Indenture also provide that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project premises and payable during the term of the Loan Agreement and Indenture;
- (e) under the provisions of the Act and as provided in the Loan Agreement and Indenture, the Bonds are not to be payable from or charged upon any funds other than the revenue pledged to the payment thereof; the City is not subject to any liability thereon; no holder of any Bonds shall ever have the right to compel any exercise by the City of its taxing powers to pay any of the Bonds or the interest or premiums thereon, or to enforce payment thereof against any property of the City except the interests of the City in the Loan Agreement which have been assigned to the Trustee under the Indenture; the Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable upon any property of the City except the interests of the City in the Loan Agreement which have been assigned to the Trustee under the Indenture; the Bonds shall recite that the Bonds are issued without the faith and credit or the taxing powers of the state or its political subdivisions pledged thereto, and that the Bonds, including interest thereon, are payable solely from the revenues pledged to the payment thereof; and, the Bonds shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

6. The forms of the Bond Documents and exhibits thereto are approved substantially in the form submitted. The Bond Documents, in substantially the forms submitted, are directed to be executed in the name and on behalf of the City by the Mayor and the City Administrator. Any other documents and certificates necessary to the transaction described above shall be executed by the appropriate City officers. Copies of all of the documents necessary to the

transaction herein described shall be delivered, filed, and recorded as provided herein and in the Bond Documents.

7. The City shall proceed forthwith to issue the Bonds, in the form and upon the terms set forth in the Indenture. The Bonds will be purchased on substantially the terms set forth in the Indenture which has been submitted to the City in connection with this Resolution. The Mayor and City Administrator are authorized and directed to prepare and execute the Bonds as prescribed in the Indenture and to deliver them to the Trustee for authentication and delivery to the Purchaser.

8. The Mayor, City Administrator, and other officers of the City are authorized and directed to prepare and furnish to the Purchaser certified copies of all proceedings and records of the City relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality of the bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained herein.

9. The approval hereby given to the various documents referred to above includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City Attorney and the City officials authorized herein to execute said documents prior to their execution; and said City officials are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate official or officials herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

10. As requested by the Underwriter, the City hereby consents to the circulation by the Underwriter of the Official Statement in offering the Bonds for sale; provided, however, that the City has not independently verified the information in the Official Statement and takes no responsibility for, and makes no representations or warranties as to, the accuracy, completeness or sufficiency of such information.

11. The approval hereby given to the Bond Documents and the various other documents referred to in paragraph 4 above includes approval of (a) such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel, the City Attorney and the City officials authorized herein to execute said documents prior to their execution and (b) such additional documents, agreements or certificates as may be necessary and appropriate in connection with the Bond Documents and with the issuance and sale of the Bonds and approved by Bond Counsel, the City Attorney and City officials authorized herein to execute said documents prior to their execution; and said City Attorney and City officials are hereby authorized to approve said changes or additional documents, agreements or certificates on behalf of the City. The execution of any instrument by the appropriate officer or officers of the City herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms thereof and hereof. In the absence (or inability) of the Mayor or the City

Administrator, any of the documents authorized by this resolution to be executed by them may be executed by the Mayor or the City Clerk.

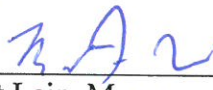
12. Notwithstanding the foregoing, the Bond Documents shall not be delivered until all contingencies included in the City's development agreement and other agreements relating to development of the Project have been satisfied.

The motion for the adoption of the foregoing resolution was duly seconded by Council Member Kyle Evenski, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof: Donald Meyer, Jeff McInnis, Scott Williams, Kyle Evenski and Mayor Matt Lein,


and the following voted against the same: None.

whereupon said resolution was declared duly passed and adopted.

ADOPTED by the City Council on September 15<sup>th</sup>, 2014

  
\_\_\_\_\_  
Matt Lein, Mayor


ATTEST:

  
\_\_\_\_\_  
Susan Mueller, Deputy Clerk

STATE OF MINNESOTA   )  
COUNTY OF CARVER     )  
CITY OF COLOGNE       )

I, the undersigned, being the duly qualified and acting Deputy Clerk of the City of Cologne, 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 giving approval on a proposed charter school lease revenue bond issue.

WITNESS my hand this 19<sup>th</sup> day of September, 2014.

  
Deputy Clerk