

**HOPKINS CITY COUNCIL
AGENDA
Tuesday, February 21, 2023
6:30 pm**

**THIS AGENDA IS SUBJECT TO CHANGE
UNTIL THE START OF THE CITY COUNCIL MEETING**

I. CALL TO ORDER

II. ADOPT AGENDA

III. PRESENTATIONS

1. 2023 Legislative Updates and Initiatives with Senator Latz and Representative Youakim; Mayor Hanlon
2. Proclamation Recognizing March as Women's History Month; PeggySue Imihy Bean

IV. CONSENT AGENDA

1. Minutes of the February 7, 2023 City Council Regular Meeting Proceedings
2. Resolution Approving Grant Agreement between the Metropolitan Council and the City of Hopkins 2020 Municipal I/I Grant; Eric Klingbeil

V. PUBLIC HEARINGS

VI. OLD BUSINESS

VII. NEW BUSINESS

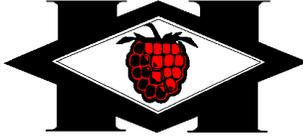
1. Resolutions Declaring Cost to be Assessed and Ordering Assessment Hearing for the 2023 Street and Utility Improvements – City Project 2022-10 ; Eric Klingbeil
2. Resolution Awarding the Sale of \$7,330,000 General Obligation Temporary Bonds, Series 2023A; Katelyn Lindbery

VIII. PUBLIC COMMENT

IX. ANNOUNCEMENTS

- **The March 7 City Council Regular Meeting is canceled**
- Next City Council Regular Meetings: March 14 and 21 at 6:30 p.m.

X. ADJOURN



CITY OF HOPKINS

Administration

Memorandum

To: Honorable Mayor and Council Members
From: Mike Mornson, City Manager
Date: February 21, 2023
Subject: 2023 Legislative Updates and Initiatives

PURPOSE

Cheryl Youakim, State Representative for District 46B, and Ron Latz, State Senator for District 46, will be in attendance to discuss the 2023 Legislative initiatives and other priorities.

INFORMATION

The City of Hopkins 2023 Legislative Agenda is attached. The Agenda outlines the City's position on issues we would like the Legislature to address.

FUTURE ACTION

Discussion only.

City of Hopkins

2023 Legislative Agenda

Inspire. Educate. Involve. Communicate



About Hopkins

Founded rich in tradition and growth, Hopkins offers the advantages and conveniences of a large city, with the pride and opportunities of a hometown. Mainstreet was added to the National Register of Historic Places in 2022, and is a point of pride for the community.

The City of Hopkins is a fully developed, dynamic urban community located five miles west of Minneapolis with a current population of approximately 19,079. Hopkins is demographically unique to the Twin Cities with 38% of the population identifying as non-white and 65% of residents in Hopkins renting their homes. The City is four-square miles, making it one of the densest communities in the metro area.

The METRO Green Line light rail extension is driving rapid population and housing growth. The Metropolitan Council forecasts that the population will be 21,000 by 2030 and 21,800 by 2040.

Affordable Housing

Production

- Establish a dedicated revenue source for the production of affordable housing.
- Allow for an affordable housing fee on new development.
- Establish a Transit-Oriented Development (TOD) affordable housing fund and financial resources.
- Support additional funding for the housing choice voucher programs or other rental assistance programs and financial, tax, and/or other incentives for rental property owners to participate in these programs.
- Support exemptions from, or reductions to sales, use and transaction taxes applied to the development and production of affordable housing.

Preservation

- Allow pooled Tax Increment Financing (TIF) to be deposited in Local Housing Trust Funds (LHTF) for affordable housing.
- Ensure all residents qualify for homestead benefits by providing an Individual Taxpayer Identification Number (ITIN).
- Establish a rental rehab program for small to medium size developments to preserve Naturally Occurring Affordable Housing (NOAH) multi-family residential rental properties.
- Increase support for General Obligation Bonds towards Public Housing preservation and rehabilitation.
- Maintain local regulatory authority for fee-for-service building inspections to ensure public safety and verify compliance.
- Providing funding source to support the installation of fire suppression systems in Public Housing buildings.

Protections

- Support additional funding for emergency rental assistance payments for low income residents as rent increases in our region.
- Preserve the current 4d Low-Income Rental Classification that provides a class rate reduction in property taxes to qualifying low-income rental properties. Oppose any changes to the 4d program that substantially increases the tax responsibility for existing residents and businesses.

Transportation

- Increase flexibility in funding for street maintenance, repairs and construction. Support legislation to allow street improvement district authority.
- Support increasing the State's Highway User Tax Distribution Fund. An increase is needed in order to increase MSAS apportionments to meet required cost participation on State and County projects and maintain/repair state aid eligible streets.
- Support stable and growing revenue sources to fund regional transit providers.

General

- Preserve local control.
- Oppose the establishment of levy limits.
- Oppose reductions to local government aid.
- Advocate that a percentage of tax revenue generated by recreational marijuana (if approved by legislature) be allocated to cities to cover law enforcement and mental health services.
- Increase funding to hire more officers to prevent crime in our community, while implementing continued outreach and community building efforts.
- Increase funding to support the police cadet program to support a more diversified pool of candidates to become police officers in our community.
- Continue the expansion of mental health support in our community with social workers to assist our public safety department.
- Support the implementation of a statewide driver's license system to accurately and privately gather and maintain race/demographic information related to traffic stops.
- Expand statutory authority of the Closed Landfill Program to authorize and fund proactive work on property reuse, including solar development, and provide funding to establish a Closed Landfill Beneficial Reuse Program.
- Appropriate funds to retire bond debt early and legislatively authorize the release of state bonding restrictions for select Closed Landfill Program sites.
- Support/reinstate funding for the Minnesota Historic Structure Rehabilitation Tax Credit program.
- Oppose any reductions or alternations of cities' existing authority in land use planning or the ability to utilize planned unit development in a locally-determined manner.
- Support expansion of special legislation to allow communities with little or no greenfield development to seek park development funds without the subdivision of land.

Climate Action

- Expand the use of the special assessment tool for energy/sustainability to dwelling units with five units or less.
- Provide funding to assist low-income property owners with Emerald Ash Borer removal efforts on private property.
- Support efforts to encourage zero emissions vehicles/low emission vehicles (ZEV/LEV).
- Support funding for electric vehicle infrastructure and funding for fleet conversion to electric alternatives.
- Support funding for environmental justice and areas most impacted by climate change.

Funding for Southwest Light Rail Transit

- Maximize usage and acknowledge the regional benefit of the METRO Green Line Light Rail by providing funding for structured parking at the Shady Oak LRT Station.
- Support the implementation of funding for transit improvement areas and authorize various funding mechanisms for transit improvement areas including; tax increment financing, tax abatement, bonding, and general fund appropriations for a revolving loan program or grant program.

Bonding Bill for Inflow and Infiltration

- Assist local communities in funding repairs and upgrades to local sewer infrastructure, including bonding bills for this purpose.

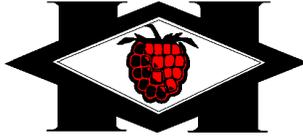
Redevelopment Funding from Bonding Bill or DEED

- Support an increased, flexible and sustained Contamination Cleanup and Investigation Grant Program, administered by DEED.
- Support an increased and sustained general fund and state bond funds for the Redevelopment Grant Program, administered by DEED, dedicated to Metropolitan Area projects.
- Support expansion of existing tools or development of new funding mechanisms to correct unstable soils.

Tax Increment Financing (TIF)

- Oppose any statutory language that would further constrain or directly or indirectly reduce the effectiveness of TIF.
- Expand the flexibility of TIF to support a broader range of redevelopment projects.
- Increase the ability to pool increments from other districts to support projects.
- Support the creation of transit zones and transit related TIF districts to address development and redevelopment issues associated with transit or transfer stations.
- Shift TIF redevelopment policy away from a focus on “blight” and “substandard” to “functionally obsolete” or a focus on long range planning for a particular community, reduction in greenhouse gases or other criteria’s more relevant current needs.
- Consider creating an inter-disciplinary TIF team to review local exception TIF proposals, using established criteria, and make recommendations to the legislative on their passage.
- Encourages the State Auditor to continue to work toward a more efficient and streamlined reporting process.

For questions or more information, please contact
City of Hopkins Assistant City Manager Ari Lenz at alenz@hopkinsmn.com.



CITY OF HOPKINS

Administration

City Council Report 2023-025

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: PeggySue Imihy Bean, AICP, Management Analyst

Date: February 21, 2023

Subject: Proclamation Recognizing March as Women's History Month

RECOMMENDED ACTION

MOTION TO Adopt a Proclamation Recognizing March as Women's History Month.

OVERVIEW

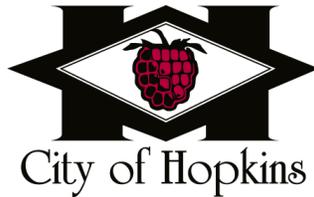
In 2022, the City Council adopted a schedule of cultural and heritage months to be recognized throughout the year by proclamation at City Council meetings. In addition to proclamations, Staff will work with partner organizations such as the Hopkins School District, Hopkins Race and Equity Initiative (HREI) and other non-profit and community organizations to lift up and promote community events. Each of the pre-designated months may also have unique City-led initiatives such as art displayed at City Hall, partnered events with other organizations, or flags/banners along Mainstreet as Staff capacity allows.

Tonight, the City recognizes March as Women's History Month. The City of Hopkins has had a longstanding history of excellent women who have made significant and meaningful contributions to Hopkins. Some past and current women we recognize tonight are:

- Dr. Catherine Burnes – The first female to graduate from the University of Minnesota Medical School. Dr. Burns practiced medicine from 1886 – 1917 and was the first doctor to serve the Hopkins Area
- Ellen Lavin – The first women to be elected mayor of Hopkins, serving from 1985 - 1987.
- Nadine Strossen – President of the American Civil Liberties Union from 1991 – 2008.
- Olympians Joan Guetschow (Biathlon) and Kathryn Johnson (Rugby).
- Paige Bueckers – National High School Player of the Year and recognized as USA Basketball Female Athlete of the Year in 2019.

SUPPORTING INFORMATION

- Proclamation Recognizing February as Black History Month



A Proclamation Commemorating Women's History Month

WHEREAS, the City of Hopkins recognizes and proclaims the month of March 2023 as Women's History Month to honor the generations of trailblazing women and girls who have built and strengthened our community; and

WHEREAS, women have been leaders, not only in securing their own rights of suffrage and equal opportunity, but also in the abolitionist movement, the emancipation movement, the industrial labor movement, the civil rights movement, and other movements; and

WHEREAS, while we honor the contributions of women throughout American history, wage and opportunity gaps continue to exist. Women earn \$.83 for every dollar earned by a man, more than \$400,000 over her 40-year career, and women of color earn even less; and

WHEREAS, despite relentless obstacles, women continue to march forward and represent the City of Hopkins in the United States Senate, Minnesota House of Representatives, the City of Hopkins City Council and City of Hopkins School District Board of Education; 44% of Hopkins' appointed Board and Commission members are women, and 25% of City employees are women; and

WHEREAS, during Women's History Month, let us honor the accomplished and visionary women whose contributions are widely known and include those whose contributions have not been adequately recognized and celebrated; and

WHEREAS, the City of Hopkins believes in creating a spirit of community where all people feel safe and respected, and diversity is celebrated, we focus this month on the contributions of women in our community; and

NOW THEREFORE, I, Patrick Hanlon, Mayor of the City of Hopkins in the State of Minnesota, along with my fellow Council Members, recognize, adopt, and proclaim this Proclamation to urge all to observe this month and honor the contributions of women throughout the year.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Hopkins, Minnesota to be affixed this 21st day of February in the year 2023.

Patrick Hanlon, Mayor

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
FEBRUARY 7, 2023**

CALL TO ORDER

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Tuesday, February 7, 2023 at 6:30 p.m. in the Council Chambers at City Hall, 1010 1st Street South.

Mayor Hanlon called the meeting to order with Council Members Balan, Beck, Garrido and Hunke attending. Others attending included City Manager Mornson, Assistant City Manager Lenz, Management Analyst Imihy Bean, Fire Chief Specken, Finance Director Bishop, City Clerk Domeier and City Attorney Riggs.

ADOPT AGENDA

Motion by Hunke. **Second** by Garrido.

Motion to Adopt the Agenda.

Ayes: Balan, Beck, Garrido, Hanlon, Hunke

Nays: None. Absent Beck. Motion carried.

PRESENTATIONS

III.1. Black History Month Proclamation; Imihy Bean

Management Analyst Imihy Bean summarized City Council Report 2023-021. The City recognizes February as Black History Month to honor Black residents, community members and Staff who have made meaningful contributions to Hopkins as well as acknowledge the City's role in creating and reconciling racial disparities that disproportionately affect Black residents in Hopkins

Motion by Hunke. **Second** by Balan.

Motion to Adopt a Proclamation Recognizing February as Black History Month.

Ayes: Balan, Beck, Garrido, Hanlon, Hunke

Nays: None. Motion carried.

III.2. Fire Department Update; Specken

Fire Chief Specken provided an update on the Hopkins Fire Department for the year 2022 and looking ahead to 2023. Paul Farrell and Adam Freeman, representatives from the Hopkins Fire Relief Association also provided an overview of the association.

CONSENT AGENDA

Motion by Garrido. **Second** by Balan .

Motion to Approve the Consent Agenda.

1. Minutes of the January 6, 2023 City Council Goal Setting Session
2. Minutes of the January 17, 2023 City Council Regular Meeting Proceedings
3. Ratify Checks Issued in January 2023; Bishop
4. Amendment to ERP; Bishop
5. Enter into staffing agreement with Raftelis; Imihy Bean

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
FEBRUARY 7, 2023**

**Ayes: Balan, Beck, Garrido, Hanlon, Hunke
Nays: None. Motion carried.**

NEW BUSINESS

VII.1. Resolution Affirming the City of Hopkins Mission Statement and Adopting the 2023 Goals and Strategic Plan for the City of Hopkins; Mornson

City Manager Mornson summarized City Council Report 2023-016. The goals and strategic plan publicly state items the City Council wishes to accomplish above and beyond the normal operations and everyday services provided by the City.

Motion by Hunke. **Second** by Balan.

Motion to Adopt Resolution 2023-007 Affirming the City of Hopkins Mission Statement and Adopting the 2023 Goals and Strategic Plan for the City of Hopkins.

**Ayes: Balan, Beck, Garrido, Hanlon, Hunke
Nays: None. Motion carried.**

ANNOUNCEMENTS

Mayor Hanlon reviewed the upcoming meeting schedule.

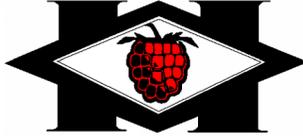
ADJOURNMENT

There being no further business to come before the City Council and upon a motion by Balan, second by Garrido the meeting was unanimously adjourned at 7:27 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk



CITY OF HOPKINS

Engineering

City Council Report 2023-024

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Eric Klingbeil, City Engineer

Date: February 21, 2023

Subject: Approve Grant Agreement between the Metropolitan Council and the City of Hopkins, 2020 Municipal I/I Grant

RECOMMENDED ACTION

MOTION TO Adopt Resolution 2023-012, Resolution Approving Grant Agreement between the Metropolitan Council and the City of Hopkins, 2020 Municipal I/I Grant

OVERVIEW

Staff applied for and received a grant from the Metropolitan Council to help eliminate inflow and infiltration into our sanitary sewer system in the amount of \$60,334. This grant will be applied toward work completed during portions of the 2020/2021 Street and Utility Rehabilitation project and the 2021 Street and Utility Rehabilitation Project.

SUPPORTING INFORMATION

- Resolution 2023-012

**CITY OF HOPKINS
HENNEPIN COUNTY, MINNESOTA**

RESOLUTION 2023-009

**RESOLUTION APPROVING GRANT AGREEMENT BETWEEN THE
METROPOLITAN COUNCIL AND THE CITY OF HOPKINS
2020 MUNICIPAL I/I GRANT**

WHEREAS, the Metropolitan Council Environmental Services (MCES) has identified the City of Hopkins as one of the many metro cities having excessive quantities of storm water and ground water, commonly referred to as Inflow and Infiltration (I&I), entering the public sanitary sewer system, and

WHEREAS, to facilitate the reduction of I&I, MCES is offering a preliminary minimum allocation of \$25,000 per metro city, with provisions for future distribution of available funding until the total \$4,156,800 for the State of Minnesota has been expended on I&I reduction measures, and

WHEREAS, The City of Hopkins was notified by MCES Letter of Intent of approval to participate in the Grant Program and of estimated Final Reimbursement Amount of \$60,334; and

WHEREAS, the Public Works Department has identified public sanitary sewer system components requiring rehabilitation to minimize or eliminate excessive I&I; and

WHEREAS, the City of Hopkins has completed \$60,334 of work eligible for funding, and desires to enter into Grant Agreement to finalize the reimbursement process.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Hopkins

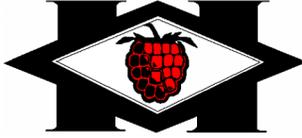
1. The City Council hereby approves application for MCES 2017 Municipal Inflow & Infiltration Grant Program.
2. The City Engineer or his designee is authorized to submit the applications and execute Grant Agreement.
3. The City agrees to remit available grant funding towards the continued minimization or elimination of excessive I&I within the public sanitary sewer system.
4. The City will secure and retain receipts for all eligible repairs and that MCES will have reasonable access to audit these records upon request.

Adopted by the City Council of the City of Hopkins this 21st day of February, 2023.

By: _____
Patrick Hanlon, Mayor

ATTEST:

Amy Domeier, City Clerk



CITY OF HOPKINS

Engineering

City Council Report 2023-022

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Eric Klingbeil, City Engineer

Date: February 21, 2023

Subject: Declare Cost to be Assessed and Order Assessment Hearing; 2023
Street and Utility Improvements – City Project 2022-10

RECOMMENDED ACTION

MOTION TO Adopt Resolution 2023-009, Resolution Declaring Cost to be Assessed and Ordering Preparation of Proposed Assessment, 2023 Street and Utility Improvements, City Project 2022-10; and Adopt Resolution 2023-010, Resolution for Hearing on Proposed Assessments, 2023 Street and Utility Improvements, City Project 2022-10.

OVERVIEW

The bid opening for the 2023 Street and Utility Improvements was February 10, 2023. The low bid for the base bid and all add alternates was submitted by Northwest Asphalt. The base bid was \$5,784,476.25, the base bid with all add alternates was \$6,219,375.97. A total of five (5) bids were received. Assessment calculations will be prepared based on the lowest responsible bid.

SUPPORTING INFORMATION

- Resolutions 2023-009, 2023-010

ANALYSIS OF ISSUES

Project Costs and Assessments

Based on the low bid the total estimated project cost is \$7,150,000, which included the low bid, all add alternates, and 15% soft costs. The add alternates have no effect on the proposed assessment amounts. A summary of assessment impacts from previous assessment rolls to the current assessment is as follows:

- 1 property will see no change from the preliminary assessment.
- 114 properties will see an increase from the proposed assessment amounts due to unit prices for private utility replacement in the bid versus the engineers estimate. 110 of the increases are less than \$200.
- 2 properties will see an increase from the proposed assessment amounts due to unit prices in the bid versus the engineers estimate.

The interest rate will be 2 percentage points above the Total Interest Cost of the bonds sold for the project. Staff recommends adopting a 15-year term for the assessments as discussed in previous meetings and used on previous projects.

Public Input

Staff will be holding a public information meeting in advance of the public hearing to provide additional information relating to the assessment process and answer questions. The date for this meeting is March 15, 2023. Notice of this meeting will be mailed with the public hearing notice.

Project Schedule

Order Assessment Hearing	February 21, 2023
Public Informational Neighborhood Meeting	March 15, 2023
Conduct Public Assessment Hearing	March 21, 2023
Adopt Assessment Roll/Award Contract	March 21, 2023
Begin Construction	Spring 2023
Complete Construction	Fall 2023

**CITY OF HOPKINS
HENNEPIN COUNTY, MINNESOTA**

RESOLUTION 2023-009

**RESOLUTION DECLARING COST TO BE ASSESSED, AND ORDERING
PREPARATION OF PROPOSE ASSESSMENT
2023 STREET AND UTILITY IMPROVEMENTS
CITY PROJECT 2022-10**

WHEREAS, costs have been determined for the improvements along 12th Avenue N from Mainstreet to 1st Street N, 14th Avenue N from Mainstreet to 2nd Street N, 15th Avenue N from Mainstreet to 2nd Street N, 16th Avenue N from Mainstreet to 1st Street N and 2nd Street N to 3rd Street N, and 2nd Street N from 14th Avenue N to 15th Avenue N including pavement, curbing, signage, drainage, water and sanitary sewer improvements and all necessary appurtenances, and the bid price for such improvement is \$6,219,375.97, and the expenses incurred or to be incurred in the making of such improvement including soft costs amount to \$930,624.03 so the total cost of the improvement will be \$7,150,000.00

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Hopkins

1. The portion of the cost of such improvement to paid by the City is hereby declared to be \$6,079,619.90, the portion of the cost to be assessed again benefitted property owners is declared to be \$1,070,380.10.
2. Assessments shall be payable in equal annual installments extending over a period of 15 years, the first of the installments to be payable on or after the first Monday in January, 2024, and shall bear interest at the rate 2 percentage points above the true interest cost of the bonds sold for the project.
3. The city clerk, with the assistance of the city engineer, shall forthwith calculate the proper amount to be specially assess for such improvement again every assessable lot, piece, or parcel of land within the district affected, without regard to cash valuation, as provided by law, and she shall file a copy of such proposed assessment in her office for public inspection.
4. The clerk shall upon the completion of such proposed assessment, notify the council thereof.

Adopted by the City Council of the City of Hopkins this 21st day of February, 2023.

By: _____
Patrick Hanlon, Mayor

ATTEST:

Amy Domeier, City Clerk

**CITY OF HOPKINS
HENNEPIN COUNTY, MINNESOTA**

RESOLUTION 2022-006

**RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT 2023 STREET AND
UTILITY IMPROVEMENTS**

CITY PROJECT 2022-10

WHEREAS, by a resolution passed by the Hopkins City Council on February 21, 2023 the city clerk was directed to prepare a proposed assessment of the cost of improvements along 12th Avenue N from Mainstreet to 1st Street N, 14th Avenue N from Mainstreet to 2nd Street N, 15th Avenue N from Mainstreet to 2nd Street N, 16th Avenue N from Mainstreet to 1st Street N and 2nd Street N to 3rd Street N, and 2nd Street N from 14th Avenue N to 15th Avenue N including pavement, curbing, signage, drainage, water and sanitary sewer improvements and all necessary appurtenances and the clerk has been directed to complete the proposed assessment and put it on file in her office for public inspection.

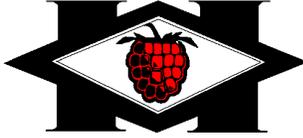
NOW, THEREFORE, BE IT RESOLVED by the City Council of Hopkins, Minnesota, that:

1. A hearing shall be held on the 21st day of March, 2023 in City Council Chambers in City Hall at 6:30 p.m. to pass upon such proposed assessment and at such time and place all persons owning property affected by such improvement will be given an opportunity to be heard with reference to such assessment.
2. The city clerk is hereby directed to cause a notice of the hearing on the proposed assessment to be published once in the official newspaper at least two weeks prior to the hearing, and shall state in the notice the total cost of the improvement. The city clerk shall also cause mailed notice to be given to the owner of each parcel described in the assessment roll not less than two weeks prior to the hearings.
3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the assessment clerk, except that no interest shall be charged if the entire assessment is paid on or before July 31, 2023. Any such owner may at any time thereafter, pay to the assessment clerk the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15, 2023 or interest will be charged through December 31 of the succeeding year.

Adopted by the council this 21st day of February, 2023.

Patrick Hanlon, Mayor

Amy Domeier, City Clerk



CITY OF HOPKINS

Finance Department

City Council Report 2023-023

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Katelyn Lindbery, Assistant Finance Director

Date: February 21, 2023

Subject: Award the Sale of \$7,330,000 General Obligation Temporary Bonds,
Series 2023A

RECOMMENDED ACTION

MOTION TO Adopt Resolution No. 2023-011: Awarding the Sale of General Obligation Temporary Bonds, Series 2023A, in the original aggregate principal amount of \$7,330,000; fixing their form and specification; directing their execution and delivery; and providing for their payment.

OVERVIEW

The City of Hopkins has the authority to issue General Obligation bonds to pay for street improvements, utility improvements, mill & overlay projects and equipment purchases. The 2023A bond issue is being sold to finance three purposes:

- 2023 street and utility reconstruction project in West Central Avenues funded with general tax levy, special assessments and utility revenues. The City typically issues bonds with a 16 year term for this purpose.
- 2024 mill and overlay projects on 1st St. N and Lot 700 funded from a general tax levy. The issuance for the 2024 portion is being recommended based on timing of future street projects. The city typically issues bonds with an 11 year term for this purpose.
- Equipment Purchase (Log Truck) funded through general tax levy. The city typically issues equipment certificates with an 11 year term.

The bond payments will come from a tax levy, utility revenues and special assessments. The interest rate for special assessments will be set at 2% over the True Interest cost (TIC) of the bonds.

The 2023A bonds will be issued on a temporary basis with a final payment date of February 1, 2026. Long term bonds will be issued with payment terms that match the typical bond term for each purpose. Example: The City's 2022A Bonds were issued for similar purposes with a final payment date of February 1, 2038. The long term bonds issued for 2023 projects will have a final payment date of February 1, 2039.

Standard and Poor's (S&P) gave a short term credit rating of SP-1+, which is the highest available. The City has not received a short term rating previously. S&P also affirmed our long term rating of AA+ with a stable outlook.

City Council previously authorized the sale of \$8,365,000 General Obligation bonds. The par amount of the bonds has been reduced to \$7,330,000 based on construction bids received. The bond bids will be accepted until 10:00 AM on February 21, 2023 at which time they will be reviewed and the recommendation incorporated into Resolution 2023-011.

SUPPORTING INFORMATION

- Resolution 2023-011 (preliminary version, will be updated on February 21st)
- S&P Rating Report

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

HELD: February 21, 2023

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Hopkins, Minnesota was called and held in City Hall on Tuesday, the 21st day of February, 2023, at 6:30 p.m., for the purpose, in part, of awarding the sale of the City's General Obligation Temporary Bonds, Series 2023A, and directing their execution and delivery.

The following members were present:

and the following were absent:

* * *

* * *

* * *

The Mayor announced that the next order of business was consideration of the proposals which had been received for the purchase of the City's General Obligation Temporary Bonds, Series 2023A, to be issued in the original aggregate principal amount of \$8,285,000.

The City Manager presented a tabulation of the proposals that had been received in the manner specified in the Terms of Proposal for the Bonds. The proposals are attached hereto as EXHIBIT A.

After due consideration of the proposals, Member _____ then introduced the following written resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

RESOLUTION NO. 2023-011

A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION TEMPORARY BONDS, SERIES 2023A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,285,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED By the City Council (the “City Council”) of the City of Hopkins, Hennepin County, Minnesota (the “City”) as follows:

Section 1. Sale of Bonds.

1.01. Equipment Certificates.

(a) Pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Sections 410.32 and 412.301, as amended (the “Capital Equipment Act”), the City is authorized to issue its general obligation equipment certificates of indebtedness on such terms and in such manner as the City determines to finance the purchase of items of capital equipment, subject to certain limitations contained in the Capital Equipment Act.

(b) The City has purchased and acquired or will purchase and acquire a log truck or other items of capital equipment authorized under the Capital Equipment Act (collectively, the “Equipment”), pursuant to the Capital Equipment Act.

(c) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of \$210,000 (the “Equipment Certificates”), pursuant to the Capital Equipment Act, to provide financing for the acquisition of the Equipment.

(d) As required by the Capital Equipment Act:

(i) the expected useful life of the Equipment is or will be at least as long as the term of the Equipment Certificates; and

(ii) the principal amount of the Equipment Certificates to be issued in the year 2023 will not exceed one-quarter of one percent (0.25%) of the estimated market value of taxable property in the City for the year 2023.

1.02. Improvement Bonds.

(a) Certain assessable public improvements within the City (the “Assessable Improvements”) have been made, duly ordered or contracts let for the construction thereof pursuant to the provisions of Minnesota Statutes, Chapters 429 and 475, as amended (the “Improvement Act”).

(b) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of \$3,745,000 (the

“Improvement Bonds”), pursuant to the Improvement Act, to provide financing for the Assessable Improvements.

1.03. Utility Revenue Bonds.

(a) The City engineer has recommended the construction of various improvements to the City’s sewer and water systems (the “Utility Improvements”).

(b) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of \$3,860,000 (the “Utility Revenue Bonds”), pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (the “Utility Revenue Act”), to provide financing for the Utility Improvements.

1.04. Street Reconstruction Bonds.

(a) Pursuant to Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b (the “Street Reconstruction Act”), the City is authorized to finance all or a portion of the cost of street reconstruction projects by the issuance of general bonds of the City payable from ad valorem taxes.

(b) On March 1, 2022, following a duly noticed public hearing, the City Council adopted a five-year street reconstruction and bituminous overlay plan for the years 2022-2026 (the “Street Reconstruction Plan”) describing the streets to be reconstructed, estimated costs, and any planned reconstruction of other streets in the City and approved the issuance of obligations by vote of at least two-thirds of the members thereof, all pursuant to the Street Reconstruction Act.

(c) Expenditures described in the Street Reconstruction Plan include 10th Avenue North and 1st Street North; 1st Street South and the South Central Business District; 1st Street North and Lot 700; Robinwood Lane, Highway 7 Service Drive, and 5th Street North; and Washington Avenue North, Jackson Avenue North, and St. Louis Street (the “Street Reconstruction”). The City estimates that the total cost of the Street Reconstruction for 2023 is \$470,000.

(d) The City Council has determined that, within thirty (30) days after the hearing, no petition for a referendum on the issuance of bonds to pay costs of the Street Reconstruction was received by the City in accordance with the Street Reconstruction Act.

(e) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of \$470,000 (the “Street Reconstruction Bonds”), pursuant to the Street Reconstruction Act, to provide financing for the Street Reconstruction.

1.05. Issuance of Bonds.

(a) Pursuant to Minnesota Statutes, Section 475.61, subdivision 6, the City is authorized to issue temporary bonds maturing within three (3) years from their date of issue to pay any part of or all of the costs of the Equipment, the Assessable Improvements, the Utility Improvements, and the Street Reconstruction (collectively, the “Projects”).

(b) It is necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Temporary Bonds, Series 2023A (the “Bonds”), in the original aggregate principal amount of \$8,285,000, pursuant to Minnesota Statutes, Section 475.61, subdivision 6 and the Capital Equipment Act, the Improvement Act, the Utility Revenue Act, and the Street Reconstruction Act (collectively, the “Act”), to provide financing for the Projects.

(c) The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Bonds, it being determined that the City has retained an independent municipal advisor in connection with such sale. The actions of the City staff and municipal advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.06. Award to the Purchaser and Interest Rates. The proposal of _____ (the “Purchaser”) to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$_____ (par amount of \$8,285,000, [plus original issue premium of \$_____,] [less original issue discount of \$_____,] less an underwriter’s discount of \$_____), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2025	%	2026	%

True interest cost: _____%

1.07. Purchase Contract. The sum of \$_____, being the amount proposed by the Purchaser in excess of \$8,227,005, shall be credited to the accounts in the Debt Service Fund hereinafter created or deposited in the accounts of the Project Fund hereinafter created, as determined by the Finance Director of the City in consultation with the City’s municipal advisor. The good faith deposit of the Purchaser shall be retained and deposited until the Bonds have been delivered and shall be deducted from the purchase price paid at settlement. The Mayor and City Manager are directed to execute a contract with the Purchaser on behalf of the City.

1.08. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act, including Section 475.61, subdivision 6, in the original aggregate principal amount of \$8,285,000, originally dated March 14, 2023, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2026	\$

(a) \$210,000 of the Bonds, constituting the Equipment Certificates, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the acquisition of the Equipment:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2026	\$

(b) \$3,745,000 of the Bonds, constituting the Improvement Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2026	\$

(c) \$3,860,000 of the Bonds, constituting the Utility Revenue Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Utility Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2026	\$

(d) The remainder of the Bonds in the principal amount of \$470,000, constituting the Street Reconstruction Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the Street Reconstruction:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2026	\$

1.09. Optional Redemption. The City may elect on February 1, 2024, and on any day thereafter to prepay Bonds due on or after February 1, 2025. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

[TO BE COMPLETED IF TERM BONDS ARE REQUESTED] 1.10. Mandatory Redemption; Term Bond. The Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts set forth in the table below. The principal amounts of the Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Bonds credited against future mandatory sinking fund redemptions of the Bonds in such order as the City shall determine.

Sinking Fund Installment Date

February 1, 20 Term Bond

Principal Amount

* Maturity]

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2024, to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

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

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

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

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

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

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

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon

the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

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

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

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints Bond Trust Services Corporation, Roseville, Minnesota, as the initial Registrar. The Mayor and the City Manager are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the City Council, the Finance Director must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Manager and executed on behalf of the City by the signatures of the Mayor and the City Manager, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive

evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the City Manager will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT B.

3.02. Approving Legal Opinion. The City Manager is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Pledges and Covenants.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Temporary Bonds, Series 2023A Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the “Equipment Account,” the “Assessable Improvements Account,” the “Utility Improvements Account,” and the “Street Reconstruction Account.” Amounts in the Equipment Account are irrevocably pledged to the Equipment Certificates, amounts in the Assessable Improvements Account are irrevocably pledged to the Improvement Bonds, amounts in the Utility Improvements Account are irrevocably pledged to the Utility Revenue Bonds, and amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds.

(a) Equipment Account. Ad valorem taxes hereinafter levied for payment of the Equipment Certificates are hereby pledged to the Equipment Account of the Debt Service Fund. There is also appropriated to the Equipment Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

(b) Assessable Improvements Account. The following shall be pledged to the Assessable Improvements Account of the Debt Service Fund: (i) ad valorem taxes hereinafter levied for payment of the Improvement Bonds; and (ii) special assessments (the “Assessments”) levied against property specially benefited by the Assessable Improvements. There is also appropriated to the Assessable Improvements Account a pro rata portion of (1) capitalized interest financed from the proceeds of the Bonds, if any; and (2) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

(c) Utility Improvements Account. The City will continue to maintain and operate its Sewer Fund and Water Fund (together, the “Revenue Funds”), to which will be credited all gross revenues of the sewer system and the water system (together, the “Revenue Systems”), respectively, and out of which will be paid all normal and reasonable expenses of current operations of such systems. Any balances therein are deemed net revenues (the “Net Revenues”) and will be transferred, from time to time, to the Utility Improvements Account of the Debt Service Fund, which Utility Improvements Account will be used only to pay principal of and interest on the Utility Revenue Bonds and any other bonds similarly authorized. There will always be retained in the

Utility Improvements Account a sufficient amount to pay principal of and interest on all the Utility Revenue Bonds, and the Finance Director must report any current or anticipated deficiency in the Utility Improvements Account to the City Council. There is also appropriated to the Utility Improvements Account a pro rata portion of amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

(d) Street Reconstruction Account. Ad valorem taxes hereinafter levied for payment of the Street Reconstruction Bonds are hereby pledged to the Street Reconstruction Account of the Debt Service Fund. There is also appropriated to the Street Reconstruction Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

4.02. Project Fund. The City hereby creates the General Obligation Temporary Bonds, Series 2023A Project Fund (the "Project Fund"). The City will maintain the following accounts in the Project Fund: the "Equipment Account," the "Assessable Improvements Account," the "Utility Improvements Account," and the "Street Reconstruction Account." Amounts in the Equipment Account are irrevocably pledged to the Equipment Certificates, amounts in the Assessable Improvements Account are irrevocably pledged to the Improvement Bonds, amounts in the Utility Improvements Account are irrevocably pledged to the Utility Revenue Bonds, and amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds.

(a) Equipment Account. Proceeds of the Equipment Certificates, less the appropriations made in Section 4.01(a) hereof, together with any other funds appropriated for the purchase of the Equipment, will be deposited in the Equipment Account of the Project Fund to be used solely to defray the costs of acquiring the Equipment. When the Equipment has been acquired and the cost thereof paid, the Equipment Account of the Project Fund is to be closed and any funds remaining may be deposited in the Equipment Account of the Debt Service Fund.

(b) Assessable Improvements Account. Proceeds of the Improvement Bonds, less the appropriations made in Section 4.01(b) hereof, together with ad valorem taxes and the Assessments and any other funds appropriated for the Assessable Improvements collected during the construction of the Assessable Improvements, will be deposited in the Assessable Improvements Account of the Project Fund to be used solely to defray expenses of the Assessable Improvements and the payment of principal of and interest on the Improvement Bonds prior to the completion and payment of all costs of the Assessable Improvements. Any balance remaining in the Assessable Improvements Account after completion of the Assessable Improvements may be used to pay the cost in whole or in part of any other improvement instituted under the Improvement Act, under the direction of the City Council. When the Assessable Improvements are completed and the cost thereof paid, the Assessable Improvements Account of the Project Fund is to be closed and any subsequent collections of Assessments and ad valorem taxes for the Assessable Improvements are to be deposited in the Assessable Improvements Account of the Debt Service Fund.

(c) Utility Improvements Account. Proceeds of the Utility Revenue Bonds, less the appropriations made in Section 4.01(c) hereof, will be deposited in the Utility Improvements Account of the Project Fund to be used solely to defray expenses of the Utility Improvements. When the Utility Improvements are completed and the cost thereof paid, the Utility Improvements Account of the Project Fund is to be closed and any funds remaining may be deposited in the Utility Improvements Account of the Debt Service Fund.

(d) Street Reconstruction Account. Proceeds of the Street Reconstruction Bonds, less the appropriations made in Section 4.01(d) hereof, together with ad valorem taxes and any other funds appropriated for the Street Reconstruction collected during the Street Reconstruction, will be deposited in the Street Reconstruction Account of the Project Fund to be used solely to defray expenses of the Street Reconstruction and the payment of principal and interest on the Street Reconstruction Bonds prior to the completion and payment of all costs of the Street Reconstruction. When the Street Reconstruction is completed and the cost thereof paid, the Street Reconstruction Account of the Project Fund is to be closed and any funds remaining may be deposited in the Street Reconstruction Account of the Debt Service Fund.

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

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

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

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

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

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

4.04. City Covenants with Respect to the Utility Revenue Bonds. The City Council covenants and agrees with the holders of the Bonds that so long as any of the Bonds remain outstanding and unpaid, it will keep and enforce the following covenants and agreements:

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

(b) The City will also maintain the Utility Improvements Account of the Debt Service Fund as a separate account and will cause money to be credited thereto from time to time,

out of Net Revenues from the Revenue Systems in sums sufficient to pay principal of and interest on the Utility Revenue Bonds when due.

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

(d) The City Council will cause persons handling revenues of the Revenue Systems to be bonded in reasonable amounts for the protection of the City and the Bondholders and will cause the funds collected on account of the operations of such systems to be deposited in a bank whose deposits are guaranteed under the Federal Deposit Insurance Law.

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

(f) The City and each and all of its officers will punctually perform all duties with reference to the Revenue Systems as required by law.

(g) The City will impose and collect charges of the nature authorized by Section 444.075 of the Utility Revenue Act, at the times and in the amounts required to produce Net Revenues adequate to pay all principal and interest when due on the Utility Revenue Bonds and to create and maintain such reserves securing said payments as may be provided herein.

(h) The City Council will levy general ad valorem taxes on all taxable property in the City when required to meet any deficiency in Net Revenues.

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

Furthermore, in accordance with its statutory duties under Section 475.61, subdivision 6 of the Act, the City covenants and agrees with the holders of the Bonds that if the Bonds cannot be paid at maturity from the proceeds of the Revenues (hereinafter defined) or from other funds appropriated by the City Council, the Bonds will be paid from the proceeds of permanent or additional temporary bonds that will be issued and sold prior to the maturity date of the Bonds.

4.06. Pledge of Tax Levy. For the purpose of paying all or a portion of the principal of and interest on the Equipment Certificates, the Improvement Bonds, and the Street Reconstruction Bonds, there is levied a direct annual irrevocable ad valorem tax (the "Taxes") upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of

the City. The Taxes will be credited to the Equipment Account, the Assessable Improvements Account, and the Street Reconstruction Account of the Debt Service Fund above provided and will be in the years and amounts as set forth in EXHIBIT C attached hereto.

4.07. Certification to County Auditor/Treasurer as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Taxes, Assessments, and Net Revenues (collectively, the “Revenues”) will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levy herein provided is irrevocable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director may certify to the Auditor/Treasurer of Hennepin County, Minnesota (the “County Auditor/Treasurer”) the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor/Treasurer will thereupon reduce the levy collectible during such year by the amount so certified.

4.08. Registration of Resolution. The City Manager is authorized and directed to file a certified copy of this resolution with the County Auditor/Treasurer and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

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

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

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

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

5.05. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses in accordance with the closing memorandum to be prepared and distributed by Ehlers and Associates, Inc., the municipal advisor to the City, on the date of closing.

Section 6. Tax Covenant.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

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

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

- (a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
- (b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2023 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 of obligations issued by the City during calendar year 2023 have been designated for purposes of Section 265(b)(3) of the Code.

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

6.06. Reimbursement. The City has or may have incurred certain expenditures with respect to the Projects that were financed temporarily from other sources but are expected to be reimbursed with proceeds of the Bonds. The City hereby declares its intent to reimburse certain costs of the Projects from proceeds of the Bonds (the “Declaration”). This Declaration is intended to constitute a declaration of official intent for purposes of Section 1.150-2 of the Treasury Regulations promulgated under the Code.

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

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.08 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

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

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

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

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

Section 8. Continuing Disclosure.

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

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

Section 9. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

(The remainder of this page is intentionally left blank.)

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, 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.

Passed and adopted this 21st day of February, 2023.

Patrick Hanlon, Mayor

Attest:

Amy Domeier, City Clerk

EXHIBIT A
PROPOSALS

EXHIBIT B
FORM OF BOND

No. R-_____ UNITED STATES OF AMERICA \$_____
STATE OF MINNESOTA
COUNTY OF HENNEPIN
CITY OF HOPKINS

GENERAL OBLIGATION TEMPORARY BOND
SERIES 2023A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	March 14, 2023	

Registered Owner: Cede & Co.

The City of Hopkins, Minnesota, a duly organized and existing municipal corporation in Hennepin County, Minnesota (the “City”), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$_____ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360-day year of twelve 30-day months), payable February 1 and August 1 in each year, commencing February 1, 2024, 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 immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, Roseville, Minnesota, as Bond Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2024, and on any day thereafter to prepay Bonds due on or after February 1, 2025. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company (“DTC”) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$8,285,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on February 21, 2023 (the “Resolution”), for the purpose of providing money to defray the expenses incurred and to be incurred in acquiring certain capital equipment and in making and undertaking certain assessable local improvements, certain improvements to the sewer, water, and storm sewer systems of the City, and certain street reconstruction projects, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, and 475, as amended, including

Section 475.58, subdivision 3b and 475.61, subdivision 6, and Minnesota Statutes, Sections 410.32 and 412.301, as amended. The principal hereof and interest hereon are payable from special assessments levied or to be levied on property specially benefited by local improvements, net revenues of the water and sewer systems of the Issuer, ad valorem taxes, and the proceeds of permanent or additional temporary bonds required to be issued by the Issuer prior to or at maturity of the Bonds, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments, net revenues, and ad valorem taxes and proceeds of permanent or additional temporary bonds pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated the issue of Bonds of which this Bond forms a part as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the sewer system and water system free from competition by other like municipal utilities; that adequate insurance on said systems and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Sewer Fund and the Water Fund, into which it will pay all of the gross revenues from the sewer system and water system, respectively; that it will also create and maintain a Utility Improvements Account within the General Obligation Temporary Bonds, Series 2023A Debt Service Fund, into which it will pay, out of the net revenues from the sewer system and water system, a sum sufficient to pay principal of the Utility Revenue Bonds (as defined in the Resolution) and interest on the Utility Revenue Bonds when due; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the sewer system and water system.

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 the owner’s 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 the owner’s attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the 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 will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the home rule charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, charter, or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Hopkins, Hennepin County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Manager and has caused this Bond to be dated as of the date set forth below.

Dated: March 14, 2023

CITY OF HOPKINS, MINNESOTA

(Facsimile)
Mayor

(Facsimile)
City Manager

CERTIFICATE OF AUTHENTICATION

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

BOND TRUST SERVICES CORPORATION

By _____
Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UNIF GIFT MIN ACT

Custodian _____

(Cust) _____ (Minor)

TEN ENT – as tenants by entireties

under Uniform Gifts or Transfers to Minors
Act, State of _____

JT TEN – as joint tenants with right of
survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of
Officer of Registrar

Cede & Co.
Federal ID #13-2555119

EXHIBIT C

TAX LEVY SCHEDULES

Tax Levy Schedule for Equipment Certificates

<u>YEAR *</u>	<u>TAX LEVY</u>
2024	\$
2025	

** Year tax levy collected.*

Tax Levy Schedule for Improvement Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2024	\$
2025	

** Year tax levy collected.*

Tax Levy Schedule for Street Reconstruction Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2024	\$
2025	

** Year tax levy collected.*

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN) SS.
)
CITY OF HOPKINS)

I, being the duly qualified and acting City Clerk of the City of Hopkins, Hennepin County, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on February 21, 2023 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City’s General Obligation Temporary Bonds, Series 2023A, in the original aggregate principal amount of \$8,285,000.

WITNESS My hand officially as such City Clerk and the corporate seal of the City this _____ day of February, 2023.

City Clerk
City of Hopkins, Minnesota

(SEAL)

RatingsDirect®

Summary:

Hopkins, Minnesota; General Obligation; Note

Primary Credit Analyst:

Melody W Vinje, Englewood + 1 (303) 721 4163; melody.vinje@spglobal.com

Secondary Contact:

Jessica Olejak, Chicago + 1 (312) 233 7068; jessica.olejak@spglobal.com

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Summary:

Hopkins, Minnesota; General Obligation; Note

Credit Profile

US\$8.285 mil GO temp bnds ser 2023A dtd 03/14/2023 due 02/01/2026

Short Term Rating SP-1+ New

Hopkins GO

Long Term Rating AA+/Stable Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'SP-1+' short-term rating to Hopkins, Minn.'s series 2023A \$8.3 million general obligation (GO) temporary bonds
- At the same time, we affirmed our 'AA+' long-term rating on the district's GO bonds outstanding
- The outlook on the long-term rating is stable.

Security

The series 2023A temporary bonds are secured by the city's full-faith-and-credit pledge and ability to levy unlimited ad valorem property taxes. Officials intend to pay debt service with special assessments, net revenues of the sewer, water, and storm systems, and ad valorem property taxes, but the rating is based on the unlimited ad valorem tax pledge. The city's existing GO debt also includes various other pledged revenues such as tax-increment, tax-abatement, special-assessment revenues, and various enterprise fund revenues, but in each case, we rate to the city's GO pledge.

The series 2023A bonds scheduled to be sold on March 14, 2023, with final maturity occurring on Feb. 1, 2026, which is less than a three-year maturity. The temporary bonds are expected to be taken out with a long-term GO bond. Therefore, we are applying a short-term rating on the series 2023A temporary bonds. The short-term note rating reflects our criteria for evaluating and rating bond anticipation notes (BANs). In our view, Hopkins maintains a very strong capacity to pay principal and interest when the notes come due. In our view, and in accordance with our criteria, "Bond Anticipation Note Rating Methodology" (published Aug. 31, 2011), the city maintains a low market risk profile because it has strong legal authority to issue long-term debt to take out the notes and is a frequent issuer that regularly provides ongoing disclosure to market participants.

Proceeds of the bonds will be used for road improvements and utility reconstruction projects, and the purchase of a truck.

Credit overview

Hopkins has a track record of healthy finances, ending fiscal 2022 with its fourth consecutive surplus based on preliminary results. Applying a portion of its allocation of American Rescue Plan (ARP) funds, the city reduced large general fund receivables of its Art Center and other under performing funds. Hopkins is backed by a strong management team that implemented robust policies and practices. We anticipate Hopkins' salary expenses to increase

with the completion of compensation study in the summer of 2023 and expect management will continue to maintain balanced operations. The city's debt profile, while somewhat elevated, has been historically managed within its budget and, even given sizable debt service carrying charges, we expect that will continue. In addition, its other long-term liabilities (pension and other postemployment benefits [OPEB]) are manageable, further supporting its underlying credit quality.

The rating reflects our opinion of the city's:

- Healthy incomes and wealth levels in a Twins Cities suburb, with consistent valuation growth;
- Solid financial performance, maintenance of strong reserves expected to continue based on budget, and robust liquidity levels;
- Strong financial policies and practices under our Financial Management Assessment (FMA), and a strong institutional framework score; and
- Weak debt and liability profile, with debt service carrying charges at 27% of expenditures and net direct debt that is 203% of total governmental fund revenue, but rapid amortization with 87% schedule to be retired in 10 years.

Environmental, social, and governance

We reviewed the district's environmental, social, and governance (ESG) risks and view them as neutral in our credit rating analysis. We also note the city has policies and practices in place to mitigate cyber-security risks. For our latest ESG report card for the Midwest region, see "ESG U.S. Public Finance Report Card: Midwest And Central Region Governments And Not-For-Profit Enterprises," published July 13, 2022, on RatingsDirect.

Outlook

The stable outlook reflects our expectation Hopkins will maintain balanced operations and very strong reserves over the outlook horizon. In addition, we view the city's other credit factors as stable and unlikely to materially change within the outlook period.

Downside scenario

We could take a negative rating action if the city's budgetary performance weakens, if reserves are materially drawn down, or if debt increases substantially beyond current expectations.

Upside scenario

We could take positive rating action if the city experiences material improvements in income levels and market value per capita values commensurate with those of 'AAA' peers, or reduction in debt service costs, all other credit factors remaining equal.

Credit Opinion

Growing tax base, high income and wealth levels, and economy supported by access to an MSA

Hopkins is in Hennepin County in the Minneapolis-St. Paul-Bloomington MSA, which we consider to be broad and diverse. Hopkins' proximity to the Twin Cities allows easy access to employment and retail opportunities and will

become more easily accessible with the expansion of the Minneapolis METRO light-rail system, which will include three new stops in Hopkins that are currently under development.

Development throughout the city remains strong, including ongoing expansions and redevelopment, as well as steady growth in both multi- and single-family housing. The city tax base is approximately \$2.7 billion, consistently growing annually. The tax base consists primarily of residential (homestead/non-homestead) properties (64%), followed by commercial and industrial properties (35%). We think that the city's historic tax base growth, coupled with general economic stability and access to the larger Twin Cities MSA, will lead to continued strength in our view of the local economy.

Reduction in general fund receivables, maintenance of strong reserves, and positive operating results

Hopkins generated surplus results in fiscal 2021 (\$1.2 million) and anticipates posting another healthy surplus (\$962,000) in its 2022 estimates. Management attributes surplus results based on increased revenue from permits and inspections, revenues from fees collected for issuing private activity bonds, and cost savings from vacant positions. Reserves grew as the city consistently added to the general fund balance with its surpluses in the past three years. In previous years, the city had large interfund loans due to the general fund that have since been fully eliminated or significantly reduced with ARP funds.

Fiscal 2023 budget is structured as breakeven, and performance is trending in line with expectations. The city expects to make salary and benefit adjustments for city employees after the completion of a compensation study expected to be done this summer.

The city has no plans to draw down its available fund balance. Hopkins maintains very strong available liquidity, with \$42 million at fiscal year-end 2021 across all funds available for short term purposes. The city received \$2 million in ARP funds, of which \$1.5 was remaining in fiscal 2022. Main uses for the funds include transfers to reduce the Art Center and Pavilion deficit, covering the salaries through 2024 for an additional city planner and police officer, funding economic development grants, and various capital improvements.

Strong FMA, highlighted by long-term planning and formalized policies

Highlights of the city's financial practices and policies include:

- Historical look-back in the formulation of revenue and expenditure assumptions, using outside sources to produce the annual budget;
- Quarterly reporting of budget-to-actual performance to the council, with the ability to make amendments as needed;
- A five-year, rolling long-term financial plan that projects revenues and expenditures;
- A five-year long-term capital plan that addresses capital needs with sources and uses of funds identified;
- Formalized investment management policy, with quarterly reporting of investments and holdings;
- Formalized debt management policy that sets guidelines for short-term borrowing, maturity lengths, and minimum allowable coverage on revenue debt; and
- Formalized fund balance policy to maintain 42% of expenditures for cash-flow needs, with which the city has mostly complied, which we calculate differently than the city given our adjustments to available reserves.

Weak debt profile, with elevated fixed costs relative to budget but with rapid amortization

We calculate total direct debt at \$83.1 million; when excluding self-supporting GO debt paid from the city's enterprise funds, net direct debt amounts to approximately \$69.6 million. In addition to the planned GO issuance to take out the temporary GO bonds, the city plans to issue approximately \$8 million in new money GO debt in 2025, and \$8.0 million in 2026 for ongoing street and utility projects. While debt service costs make up a considerable portion of the budget, the city has historically managed these costs well, which we expect will continue. In addition, Hopkins amortizes approximately the same amount that it issues every year, so we expect the debt profile will remain stable over the near term.

Pension and OPEB liabilities not a near-term pressure

- We do not believe that pensions represent a near-term credit pressure for Hopkins because the cost-sharing, multiple-employer, defined-benefit pension plans in which the city participates are reasonably well funded, and annual costs represent only a modest share of total spending.
- Although the city funds its OPEB on a pay-as-you-go basis, exposing it to cost acceleration and volatility, we expect that medium-term costs will remain only a small share of total spending and, therefore, not a significant budgetary pressure.

Hopkins participates in the following plans:

- Minnesota General Employees Retirement Fund (GERF): 87% funded (as of June 30, 2021), with a proportionate share of the plan's net pension liability (NPL) of \$3.3 million (as of Dec. 31, 2020).
- Minnesota Public Employees Police and Fire Fund (PEPFF): 94% funded (June 30, 2021), with a city proportionate share of the plan's NPL of \$2.3 million (as of Dec. 31, 2020).
- An implicit rate subsidy arising from retirees staying on the city's health insurance plan while paying active premium rates: pay-as-you-go, with a net OPEB liability of \$1.1 million.

Both GERF and PEPFF have seen improvements in funded status in recent years, although plan statutory formula contributions have regularly fallen short of actuarial recommendations. Annual contributions are based on a statutory formula that typically produced contributions lower than the actuarially determined contribution for each plan, and we think that this increases the risk of underfunding over time if the state legislature does not make adjustments to offset future funding shortfalls. Other key risks include a 7.5% investment rate-of-return assumptions, above our 6.0% guidance, and lengthy amortization periods. Nevertheless, pension costs remain only a modest share of total spending, and we believe they are unlikely to pressure the city's medium-term operational health.

Hopkins, Minn.--Key Credit Metrics

	Most recent	Historical information		
		2021	2020	2019
Very strong economy				
Projected per capita EBI % of U.S.	116.6			
Market value per capita (\$)	136,094			
Population		19,553	19,484	19,213

Hopkins, Minn.--Key Credit Metrics (cont.)

	Most recent	Historical information		
		2021	2020	2019
County unemployment rate(%)		3.4		
Market value (\$000)	2,661,045	2,499,240	2,378,345	
Ten largest taxpayers % of taxable value	24.1			
Strong budgetary performance				
Operating fund result % of expenditures		7.8	8.5	3.2
Total governmental fund result % of expenditures		6.8	10.9	6.9
Very strong budgetary flexibility				
Available reserves % of operating expenditures		46.0	17.3	20.9
Total available reserves (\$000)		6,859	2,596	3,024
Very strong liquidity				
Total government cash % of governmental fund expenditures		140.5	120.2	86.6
Total government cash % of governmental fund debt service		521.7	495.6	363.0
Very strong management				
Financial Management Assessment	Strong			
Weak debt and long-term liabilities				
Debt service % of governmental fund expenditures		26.9	24.3	23.8
Net direct debt % of governmental fund revenue	202.8			
Overall net debt % of market value	3.9			
Direct debt 10-year amortization (%)	87.4			
Required pension contribution % of governmental fund expenditures		3.8		
OPEB actual contribution % of governmental fund expenditures		0.4		
Strong institutional framework				

Data points and ratios may reflect analytical adjustments. EBI--Effective buying income. OPEB--Other postemployment benefits.

Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022
- 2022 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of February 9, 2023)

Hopkins GO bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO bnds ser 2017B dtd 07/13/2017 due 02/01/2033		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO bnds ser 2021A dtd 04/06/2021 due 02/01/2036		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Ratings Detail (As Of February 9, 2023) (cont.)		
Hopkins GO imp bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO tax abatement bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO tax increment rev rfdg bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

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