

CITY OF RAMSEY
CONDUIT DEBT POLICY

TERM & CONDITIONS FOR THE ISSUANCE OF CONDUIT DEBT
(Tax Code Allows City's to issue Conduit debt, but not be held accountable for repayment of debt)

Authority: Under Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 to 469.165 (the "Industrial Development Act:), the City of Ramsey has authority to issue industrial, commercial, and health care revenue bonds or notes to attract or promote economically sound industry and commerce to the City.

Under Minnesota Statutes, Chapter 462C (the "Housing Act") the City is authorized to issue housing revenue bonds to finance multi-family residential housing projects for low and moderate income persons and elderly persons. Projects must be consistent with a Housing Program as these terms are defined in the Housing Act.

Purpose: Municipalities may be asked by not-for-profit and other entities to issue pass-through, conduit debt. These projects are not projects of the governmental unit but of a separate corporation. In order to expedite the assistance that the City of Ramsey can offer and to avoid a resource drain on the City of Ramsey requires the following:

The corporation wishing assistance must first request that the Financial Director of the City review their proposal and provide the information and deposit the fee detailed below. After the Financial Director reviews the proposal the applicant may then request that the City Attorney review their proposal and grant permission to move forward to the public hearing stage.

The applicant must provide to the Financial Director documentation about the entity requesting the assistance, the project, and the proposed financing method.

The City also requires that the applicant assume all of the costs incurred by the City in examining the legal and fiscal aspects of the project as well as ongoing monitoring and reporting of outstanding bonds once issued. The City is to be reimbursed and held harmless for and from any out-of-pocket expenses related to the tax-exempt financing including, but not limited to, legal fees, financial analyst fees, bond counsel fees, the City's staff expenses in connection with the application, and any deposits or application fees required under state law in order to secure allocation of bonding authority. The applicant must execute a letter to the City undertaking to pay all such expenses. A copy of the required letter entitled "Indemnification Letter of Agreement" is attached as Exhibit A.

Prior to closing and delivery of the bonds for the project, the applicant must pay, or commit to pay at closing an administrative fee in the amount of 1% of par of the bonds (or as negotiated based on the size of the issue). The administrative fees required by this paragraph will be adjusted at or paid prior to delivery of the bonds if necessary to ensure compliance with the Internal Revenue Code and regulations.

The corporation should be prepared to demonstrate to the Ramsey City Council how the proposed project will benefit the community. The corporation may request to be placed on the City's agenda by: contacting the City of Ramsey at (763) 427-1410, submitting a letter outlining the request, and appearing before the Ramsey City Council when the request is heard. If permission is granted by the City, the bond attorney for the issue must:

Be the City's Bond Council: Taft, Stettinus & Hollister LLP, 2200 IDS Center, 80 South 8th Street, Mpls., MN 55402 (612) 977-8400

Provide to the City a written statement indicating that the documents have been appropriately prepared, all concerns of the City and points covered by this document have been addressed, and it is acceptable for the City to adopt the needed resolutions. No documents will be adopted by the City or signed by City Council members or staff without the attorney's statement.

Prepare a contract obligating the agency requesting the debt (obligor) to repay to the City any interest margin for bank qualified bonds that the agency uses and the City later needed on debt it issues for its own purposes.

Assure that the Official Statement prominently displays in large, bold type that the City of Ramsey does not have any obligation to repay the debt and what the rating of the bond issue is.

When the issue is complete and closed, provide two copies of the transcript and amortization schedules of the issue to the Financial Director on a timely basis.

The debt instrument issued must not place the City of Ramsey at risk in any way, financially or legally, in appearance or in fact. The Federal Government has also placed the burden of weighing the balance of "public purpose versus private benefit" upon the City of Ramsey for these conduit debt issues. The City will consider risk, the public versus private benefit balance, and the recommendation of its staff. Because of the subjective nature of the issues it must weigh, the Ramsey City Council retains the right to refuse to authorize any issue at its sole discretion and without need to give cause. The obligor must indemnify the City against all future costs including but not limited to law suits, findings that the issue was not tax-exempt, or penalties of any kind. The documents must clearly reflect the indemnification of the City.

The City will not be responsible for any continuing disclosure or arbitrage calculations or rebate and the documents must clearly reflect that the obligor is responsible for these matters.

The agency requesting the conduit debt and their advisors must arrange for the logistics of all document movement, timing, signature, publication, etc. It is very important to assure that the necessary individuals will be available for signatures on documents well in advance of needing the signatures. Signatures will be supplied at the convenience of the City of Ramsey Council members or City staff.

The City of Ramsey's Administration Office places items on the Council agenda and obtains signed documents from the Ramsey Council members. The contact in that office is Ms. Colleen Lasher (763) 433-9867. It is the responsibility of the requesting agency to:

Inquire as to when City Council meetings are scheduled (and to check again as necessary because meeting dates change without notice),

Inquire as to when documents must be delivered in order to be accepted for the agenda,

Provide the appropriate cover sheet (see sample attached) for the materials for inclusion in the Council agenda,

Arrange for copies which need to be signed and to provide the necessary envelopes and postage or other arrangements to move the documents when signed. The documents are signed after the meeting at a time convenient to the Ramsey Mayor, typically within a week after the meeting.

Arrange to move (envelopes/postage) any notices requiring publication to the appropriate newspaper, pay for the publication, and obtain any signed affidavits necessary (The City's Official Newspaper is the Anoka Union at (763) 712-3550.

Attend all necessary City Council meetings to answer questions the City Council may have about the issue while the documents are being considered,

Arrange to have any other necessary documents delivered for signature by other City officials such as the City Attorney and the Financial Director (763) 433-9847 and after signature have appropriate self-addressed and stamped envelopes available for return. The officials should be notified in advance, by telephone, that documents are being sent for signature,

Arrange for all IRS and Federal or State filings and or fees,

Arrange to have all necessary professional fees paid directly to the professionals who did the work either out of bond proceeds or make other acceptable arrangement with the professionals doing the work.

The City recommends that organizations wishing to issue debt through the City contact an independent Financial Advisor for assistance. Independent Financial Advisors help assure that the debt is issued in a competitive, cost effective manner. City staff can provide the names of the advisory firms they are aware of if the organization wishes to contract with one for assistance.

Original Policy Adopted:	May 10, 2005
Deposit Requirements Amended:	May 26, 2015
Deposit Requirements Amended:	October 25, 2016 Per Resolution #16-10-203

INDEMNIFICATION LETTER OF AGREEMENT

The Mayor of the City of Ramsey
And Members of the City Council
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

RE: Application of _____ for Tax Exempt Revenue Bond Financing by the City of Ramsey

Dear Mayor and Members of the City Council:

This letter of agreement is given by _____, a _____ under the laws of Minnesota ("Applicant") as required by the City of Ramsey, Minnesota in connection with its consideration of an application for tax exempt revenue bond financing for the project described in the application.

Applicant agrees as follows:

1. Applicant agrees to pay or reimburse the City for any and all costs and expenses that the City may incur in connection with its consideration of the project and the granting of tax-exempt revenue bond financing therefor, whether or not the project is preliminarily approved by the City, whether or not the project is approved by the State of Minnesota, whether or not revenue bond financing is finally approved by the City, whether or not the bonds are issued and sold, and whether or not the project is carried to completion.
2. Applicant agrees to indemnify and hold the City, its officers, employees and agents harmless against any and all losses, claims, damages, expenses or liabilities, including attorneys fees incurred in their defense, that the City, its officers, employees and agents may become subject in connection with the City's consideration, issuance or sale of the bonds for Applicant's project and the carrying out of the transactions contemplated by this agreement and any resolutions adopted, or agreements executed by the City in connection with the issuance of its bonds for this project.
3. Applicant hereby releases the City, its officers, agents and employees from any claims, causes of action, losses, damages, or liabilities that it may have against the City, its officers, agents, and employees or that it may incur in connection with: the City's consideration of the application for industrial development revenue bond financing for Applicant's project; the failure of the City, in its discretion, to issue tax-exempt revenue bonds for Applicant's project; the issuance and sale of the bonds; the construction of the project; or any other matter or thing of any type or nature whatsoever which may arise in connection with the foregoing.

4. Applicant is aware of the City's application and administrative fee structure for tax-exempt financing and agrees and covenants that all such fees will be paid in the amount and at the times required.

Dated: _____ (Applicant)

By _____

Its _____