

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL  
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA  
April 22, 2021

Pursuant to due call and notice thereof, a special meeting of the Council of the City of Fosston, Polk County Minnesota was held in council chambers on Thursday, April 22, 2021 at 6:30p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Bosselman, Dufault, Mulry and Anderson. Absent: none. Others in attendance were: Cassie Heide, Dave Larson, Steven Lyseng, Keith Kinnen via zoom and Jason Murray via zoom.

Mayor Offerdahl stated the purpose of the meeting was to consider approval of purchasing SRE pending FAA Buy America Type III Waiver, approval of Karvakko Task Order for SRE Engineering Services and approval of 2021 Street & Utility Improvement Financing and adoption of resolution including the same.

Council considered approval to purchase SRE pending FAA Buy America Type III Waiver.

Motion was made by Anderson, seconded by Bosselman to approve the purchase of SRE pending FAA Buy America Type III Waiver. Motion carried by unanimous vote.

Council considered approval of Karvakko Task Order for SRE Engineering Services.

Motion was made by Bosselman, seconded by Anderson to approve Karvakko Task Order for SRE Engineering Services. Motion was carried by unanimous vote.

Council reviewed the recommendation letter from David Drown Associates for 2021A G.O. Bonds. The bond is broken out between the Abatement Project and the Utility Project. First National Bank Bagley has authorized the purchase of the bond.

Member Dufault introduced the following resolution and moved is adoption:

**RESOLUTION NO. 21-20**

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND  
DELIVERY OF \$631,000 GENERAL OBLIGATION BONDS, SERIES  
2021A**

BE IT RESOLVED, by the City Council (the "City Council") of the City of Fosston, Polk County, Minnesota (the "Issuer"), as follows:

Section 1. Bond Purpose and Authorization.

1.01 Authority. A. Pursuant to authority contained in Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Act") and Chapter 475, the Issuer is authorized to

issue its general obligation bonds for the purpose of financing street related public improvements within the territory of the Issuer (the “Abatement Project”).

B. Pursuant to authority contained in Minnesota Statutes, Sections 444.075 and Chapter 475, the Issuer is authorized to issue its general obligation bonds for the purpose of financing the cost of capital improvements to the Issuer’s water system and sewer system (collectively, the “Utility Project” and together with the Abatement Project, the “Projects”).

1.02 Abatement Recitals. The Issuer has previously granted a property tax abatement pursuant to the Abatement Act and the *Resolution Approving Property Tax Abatement for Certain Property Located in the City of Fosston*, adopted March 8, 2021 which is hereby incorporated as though set forth herein (the “Abatement Resolution”). The Abatement Resolution authorizes an abatement of the Issuer’s share of property taxes on the parcels listed in the Abatement Resolution in an amount not to exceed \$40,000 per year or \$400,000 total over 10 years commencing with real estate taxes payable in 2022 and continuing through 2031 (the “Abatement”).

1.03 Authorization of Bond.

A. Pursuant to the authority contained in the Abatement Act and Minnesota Statutes, Section 444.075 and Chapter 475, the Issuer determines that it is necessary and expedient to issue a \$631,000 General Obligation Bonds, Series 2021A (the “Bond”) to provide funds for the Projects.

B. The portion of principal and interest on the Bond allocated to the Abatement Project (the “Abatement Portion”) is equal to the part of the property tax amount payable to the Issuer on the Abatement Property during the term of the Abatement, which is presently estimated to be not more than \$400,000. The total amount of property taxes abated by the Issuer in any year does not exceed the greater of (1) ten percent of the net tax capacity of the Issuer, or (2) \$200,000. Work on the Abatement Project shall proceed with due diligence to completion.

C. The portion of the principal and interest on the Bond allocated to the Utility Project (the “Utility Portion”) shall be paid primarily from net revenues derived from the operation of the Issuer’s municipal water system (the “Water Utility”) and municipal sewer system (the “Sewer Utility” and together with the Water Utility, the “Utilities”).

1.04 Municipal Advisor. The Issuer has retained David Drown Associates, Inc., as its municipal advisor, to assist the Issuer with the Project and the issuance of the Bond.

1.05 Sale of the Bond. The Issuer has received a proposal for a loan to be evidenced by the Bond from First National Bank, located in Bagley, Minnesota (the “Lender”), to in the amount of \$631,000, plus accrued interest on the total principal amount to the date of delivery of the Bond, upon condition that the Bond mature and bear interest at the times and annual rates set forth in Section 2. The Issuer, after due consideration, finds such offer reasonable and proper, and the offer of the Lender is accepted. The Mayor and the Administrator are authorized to execute on the part of the Issuer a contract for the sale of the Bond in accordance with the Lender’s proposal.

2.01 Interest Rate and Principal Maturities.

A. The Bond shall be dated the date of its closing and delivery as the date of original issue, shall be issued in the denomination equal to the principal amount thereof, shall be issued in fully registered form and lettered and numbered R-1. The Bond shall bear interest at the annual rate of 2.05% percent and shall mature on the dates and in the installment amounts shown below.

<b>Year</b>	<b>Abatement Portion</b>	<b>Utility Portion</b>	<b>Principal</b>
2/1/2022	--	\$8,000	\$8,000
2/1/2023	\$20,000	\$18,000	\$38,000
2/1/2024	\$20,000	\$18,000	\$38,000
2/1/2025	\$20,000	\$18,000	\$38,000
2/1/2026	\$21,000	\$19,000	\$40,000
2/1/2027	\$21,000	\$19,000	\$40,000
2/1/2028	\$22,000	\$20,000	\$42,000
2/1/2029	\$22,000	\$20,000	\$42,000
2/1/2030	\$22,000	\$20,000	\$42,000
2/1/2031	\$23,000	\$21,000	\$44,000
2/1/2032	\$23,000	\$21,000	\$44,000
2/1/2033	--	\$22,000	\$22,000
2/1/2034	--	\$23,000	\$23,000
2/1/2035	--	\$23,000	\$23,000
2/1/2036	--	\$23,000	\$23,000
2/1/2037	--	\$24,000	\$24,000
2/1/2038	--	\$24,000	\$24,000
2/1/2039	--	\$25,000	\$25,000
2/1/2040	--	\$25,000	\$25,000
2/1/2041	--	\$26,000	\$26,000

B. The maturities of the Bond, together with the maturities of all other outstanding general obligation bonds of the Issuer, meet the requirements of Minnesota Statutes, Section 475.54.

2.02 Prepayment. The Bond is prepayable, in whole or in part, beginning on February 1, 2029, and on any Interest Payment Date thereafter without notice at a price of par plus accrued interest to the prepayment date.

2.03 Interest Payment Dates. A. Interest on the Bond shall be payable semi-annually on February 1 and August 1 in each year (each referred to herein as an "Interest Payment Date"), commencing on February 1, 2022. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

B. The Registrar designated below shall make all interest payments with respect to the Bond by check or draft mailed to the registered owners of the Bond shown on the bond registration

records maintained by the Registrar designated below at the close of business on the 15th day (whether or not a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 Preparation. A. The Bond shall be prepared for execution in accordance with the approved form and shall be signed by the manual signature of the Mayor and attested by the manual signature of the Administrator. The corporate seal of the Issuer may be omitted from the Bond as permitted by law. In case any officer whose signature shall appear on the Bond shall cease to be an officer before delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

B. The Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, which is to be complete thereof and cause the opinion to be attached to the Bond.

2.05 Appointment Registrar. The City Council appoints the Administrator as registrar, authenticating agent, paying agent and transfer agent for the Bond (the "Registrar"). The Issuer reserves the right to name a substitute, successor Registrar upon giving prompt written notice to each registered Bond holder.

2.06 Registered Owner. The Bond shall be registered in the name of the Lender.

2.07 Register. The Issuer shall cause to be kept by the Registrar a bond register in which, subject to such reasonable regulations as the Registrar may prescribe, the Issuer shall provide for the registration of the Bond and the registration of transfers of the Bond entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Registrar or its incapability of acting as such, the Bond registration records shall be maintained at the office of the successor Registrar as may be appointed by the City Council.

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

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

2.09 Delivery. Delivery of the Bond and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Lender. The printed and executed Bond shall be furnished by the Issuer without cost to the Lender. The Bond, when prepared in accordance with this resolution and executed, shall be delivered by or under the direction of the Administrator to the Lender thereof upon receipt of the purchase price plus accrued interest.

Section 3. Form of Bond. The Bond shall be typewritten or printed in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF POLK

R-1

\$631,000

CITY OF FOSSTON  
GENERAL OBLIGATION BOND,  
SERIES 2021A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.05%	February 1, 2041	May 5, 2021

REGISTERED OWNER:           FIRST NATIONAL BANK

PRINCIPAL AMOUNT:       SIX HUNDRED THIRTY-ONE THOUSAND  
DOLLARS

The City of Fosston, Polk County, Minnesota (the “Issuer”), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above and to pay interest on said principal amount to the registered owner hereof from the date of original issue set forth above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, said interest being at the rate per annum specified above.

Interest is payable semi-annually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”) commencing on February 1, 2022. This Bond is payable in the principal installment amounts and at the times described below. Payments shall be applied first to interest due on the outstanding principal balance and thereafter to reduction of the principal balance.

Year	Abatement Portion	Utility Portion	Principal
2/1/2022	--	\$8,000	\$8,000
2/1/2023	\$20,000	\$18,000	\$38,000
2/1/2024	\$20,000	\$18,000	\$38,000
2/1/2025	\$20,000	\$18,000	\$38,000
2/1/2026	\$21,000	\$19,000	\$40,000

2/1/2027	\$21,000	\$19,000	\$40,000
2/1/2028	\$22,000	\$20,000	\$42,000
2/1/2029	\$22,000	\$20,000	\$42,000
2/1/2030	\$22,000	\$20,000	\$42,000
2/1/2031	\$23,000	\$21,000	\$44,000
2/1/2032	\$23,000	\$21,000	\$44,000
2/1/2033	--	\$22,000	\$22,000
2/1/2034	--	\$23,000	\$23,000
2/1/2035	--	\$23,000	\$23,000
2/1/2036	--	\$23,000	\$23,000
2/1/2037	--	\$24,000	\$24,000
2/1/2038	--	\$24,000	\$24,000
2/1/2039	--	\$25,000	\$25,000
2/1/2040	--	\$25,000	\$25,000
2/1/2041	--	\$26,000	\$26,000

Both principal of and interest hereon are payable in lawful money of the United States of America by check or draft at the office of the Administrator, as Registrar, paying agent, transfer agent and authenticating agent (the "Registrar"), or at the office of such successor Registrar as may be designated by the City Council. The Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the Issuer by the Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the Interest Payment Date at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Issuer to the extent of the payments so made. Payment of the final principal payment shall be made upon presentation and surrender of this Bond to the Registrar when due.

For the prompt and full payment of such principal and interest as they become due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. The Issuer has designated the Bond as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bond comprises the entire amount of this series issued by the Issuer as one fully registered Bond without coupons, in the aggregate amount of \$631,000, pursuant to the authority contained in Minnesota Statutes, Chapter 475 and Sections 444.075 and 469.1814 and all other laws thereunto enabling, and pursuant to a resolution adopted by the governing body of the Issuer on April 22, 2021 (the "Resolution"), for the purpose of financing local public improvements within the Issuer (the "Project") and for payment of part of the interest cost of said bond issue and costs of issuance. The principal hereof and interest hereon are payable from an abatement of taxes imposed by the Issuer on certain property and net revenues to be derived from operation of the Issuer's water utility and sewer utility (collectively, the "Utilities") in excess of normal, reasonable and current costs of the operation and maintenance of said Utilities and ad valorem taxes pledged in the

Resolution to which reference is made for a full statement of rights and powers thereby conferred.

The principal amount evidenced by this Bond was drawn upon by the Issuer in accordance with the Loan Agreement between Issuer and Lender dated as of the date of the date hereof.

The Bond is prepayable, in whole or in part, beginning on February 1, 2029, and on any Interest Payment Date thereafter without notice at a price of par plus accrued interest to the prepayment date.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the Issuer and by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done and do exist in form, time and manner as so required; that all taxable property within the corporate limits of the Issuer is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the Issuer to exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the City of Fosston, Polk County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the manual signature of the Mayor and attested by the manual signature of the Administrator, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

ATTEST:

(form-no signature required)  
Administrator

(form-no signature required)  
Mayor

#### REGISTRATION CERTIFICATE

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

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Administrator</u>
5/5/2021	First National Bank 31 E. Central Street Bagley, MN 56621 Federal Tax I.D. No.: _____	_____

ASSIGNMENT

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

(Name and Address of Assignee)

\_\_\_\_\_ Social Security or Other  
\_\_\_\_\_ Identifying Number of Assignee

the within Bond and all rights thereunder and does irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed:

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

THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF FOR VALUE, OR TRANSFERRED, WITHOUT (i) AN OPINION OF COUNSEL THAT SUCH SALE, DISPOSITION OR TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED AND UNDER APPLICABLE STATE SECURITIES LAWS, OR (ii) SUCH REGISTRATION. THE TRANSFERABILITY OF



THIS INSTRUMENT IS SUBJECT TO RESTRICTIONS REQUIRED BY (1) FEDERAL AND STATE SECURITIES LAWS GOVERNING UNREGISTERED SECURITIES; AND (2) THE RULES, REGULATIONS, AND INTERPRETATIONS OF THE GOVERNMENTAL AGENCIES ADMINISTERING SUCH LAWS. THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER CHAPTER 80A OF MINNESOTA STATUTES OR OTHER APPLICABLE STATE BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION OR OPERATION OF LAW.

Section 4. Funds, Accounts, Appropriations and Revenues.

4.01 Funds and Accounts.

A. Water Fund. The Issuer covenants and agrees with the holder of the Bond and with its taxpayers as follows:

1. It will impose and collect just and equitable charges for all use and for the availability of all facilities of its water utility (the "Water Utility") at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining such Water Utility, and also to produce net revenues that will be at least adequate, together with the Sewer Utility, at all times to pay the principal and interest due on the Bond and on all other notes and bonds heretofore or hereafter issued and made payable from said net revenues, and will operate the Water Utility and segregate and account for the revenues thereof as provided in this Section.

2. It will place all such charges for the use and availability of the Water Utility, when collected, and all money received from the sale of any facilities or equipment of the Water Utility in the Water Fund (the "Water Fund"). Except as provided in this Section, this fund shall be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable, and current expenses of operating and maintaining the Water Utility, and to maintain such reasonable reserves for such expenses as the City Council shall determine to be necessary from time to time. Sums in excess of those required to make such payments and maintain such reserves constitute the net revenues ("Water Utility Net Revenues"), a portion of which are herein pledged and appropriated first to pay the principal of and interest when due on the Bond.

3. Surplus Water Utility revenues from time to time received in the Water Fund, in excess of payments due from and reserves required to be maintained in the Water Fund and in the Debt Service Fund, may be used for necessary capital expenditures for the improvement of the Water Utility, for the prepayment and redemption of notes and bonds constituting a lien on the Water Utility, and for any other proper municipal purpose consistent with policies established by resolution of the Council.

B. Sewer Fund. The Issuer covenants and agrees with the holder of the Bond and with its taxpayers as follows:

1. It will impose and collect just and equitable charges for all use and for the availability of all facilities of its sewer utility (the "Sewer Utility") at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining such Sewer Utility, and also to produce net revenues that will be at least adequate, together with the Water Utility, at all times to pay the principal and interest due on the Bond and on all other notes and bonds heretofore or hereafter issued and made payable from said net revenues, and will operate the Sewer Utility and segregate and account for the revenues thereof as provided in this Section.

2. It will place all such charges for the use and availability of the Sewer Utility, when collected, and all money received from the sale of any facilities or equipment of the Sewer Utility in the Sewer Fund (the "Sewer Fund"). Except as provided in this Section, this fund shall be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable, and current expenses of operating and maintaining the Sewer Utility, and to maintain such reasonable reserves for such expenses as the City Council shall determine to be necessary from time to time. Sums in excess of those required to make such payments and maintain such reserves constitute the net revenues ("Sewer Utility Net Revenues" and together with the Water Utility Net Revenues, the "Net Revenues"), a portion of which are herein pledged and appropriated first to pay the principal of and interest when due on the Bond.

3. Surplus Sewer Utility revenues from time to time received in the Sewer Fund, in excess of payments due from and reserves required to be maintained in the Sewer Fund and in the Debt Service Fund, may be used for necessary capital expenditures for the improvement of the Sewer Utility, for the prepayment and redemption of notes and bonds constituting a lien on the Sewer Utility, and for any other proper municipal purpose consistent with policies established by resolution of the Council.

C. The Fund. There is created a special fund to be designated the "2021 Tax Abatement and Utility Revenue Fund" (the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Bond and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the "Construction Fund" and "Debt Service Fund," respectively:

(1) *Construction Fund.* On receipt of the purchase price of the Bond, the Issuer shall credit proceeds from the sale of the Bond, less any accrued interest paid by the Lender upon closing and delivery of the Bond (the "Accrued Interest") and less any capitalized interest funded from the proceeds of the Bond ("Capitalized Interest"), to the Construction Fund. Proceeds from the Bond on deposit in the Construction Fund, along with other monies of the Issuer available therefor, shall be used from time to time to pay, or reimburse the Issuer for payment of, the capital costs of the Project and costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of

issuance of the Bond and interest due on the Bond prior to completion of the Project, as such become due. Any funds remaining in the Construction Fund after completion of the Project shall be transferred to the Debt Service Fund.

(2) *Debt Service Fund.* There is pledged and appropriated to the Debt Service Fund: (1) the Abatement for the Abatement Portion when due; (2) net revenues of the Utilities in such amounts, which will be sufficient to pay the principal of and interest on the Utility Portion when due (3) the amount used to pay part of the interest cost of the Bond as allowed by Minnesota Statutes, Section 475.56; (4) all Capitalized Interest funded from Bond proceeds; (5) Accrued Interest, if any; (6) any funds remaining in the Construction Fund after completion of the Projects; (7) ad valorem taxes levied hereinafter for payment of a portion for the Abatement Portion when due; and (8) all investment earnings on funds in the Debt Service Account. The money in the Debt Service Fund shall be used for no purpose other than the payment of principal and interest on the Bond; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Fund, the Administrator shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Fund when the balance therein is sufficient.

4.02 Covenants. A. Notwithstanding anything in this resolution to the contrary, the Issuer warrants, represents and covenants that the Abatement will be spent only in accordance with this resolution. The Issuer further warrants, represents and covenants that unless otherwise provided in this resolution, the Abatement shall be deposited, as received, in the Debt Service Fund and shall only be spent for payment of the principal of and interest on the Bond.

B. It is recognized, however, that the Issuer's liability on the Bond is not limited to the Abatement and Utilities so pledged, and the City Council covenants and agrees that it will levy upon all taxable property within the Issuer, and cause to be extended, levied and collected, any taxes found necessary for full payment of the principal of and interest on the Bond, without limitation as to rate or amount.

C. The Issuer covenants and agrees with the holder of the Bond and with its taxpayers that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the Utilities at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining the Utilities, and also to produce net revenues which will be at least adequate at all times to pay the principal and interest due on the Utility Portion and on all other obligations heretofore or hereafter issued and made payable from said net revenues, and will operate the Utilities and segregate and account for the revenues thereof as provided in this section.

#### 4.03 Tax Levy.

A. For the prompt and full payment of the principal and interest on the Bond when due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. There is levied a direct annual ad valorem tax upon all taxable property in the Issuer which shall be spread upon

the tax rolls and collected with and as part of other general property taxes in the Issuer. Said levies are for the years and in the amounts set forth below:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2021	2022	\$4,206
2022	2023	\$3,776
2023	2024	\$3,345
2024	2025	\$3,965
2025	2026	\$3,513
2026	2027	\$4,111
2027	2028	\$3,637
2028	2029	\$3,164
2029	2030	\$3,740
2030	2031	\$3,245

B. The tax levies are such that if collected in full they, together with estimated collection of Abatement, Net Revenues, investment earnings, and other funds herein pledged and appropriated for payment of the Bond, will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Bond.

C. The tax levies shall be irrevocable so long as the Bond is outstanding and unpaid; provided, however, that on November 30 of each year, while any Bond issued hereunder remains outstanding, the Issuer shall reduce or cancel the above levies to the extent of funds available in the Debt Service Account to pay principal and interest due during the ensuing year, and shall direct the County Auditor to reduce the levy for such calendar year by that amount.

4.04 Investments. Monies on deposit in the Construction Fund and the Debt Service Fund may, at the discretion of the Administrator, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investments shall mature at such times and in such amounts as will permit payment of the principal and interest on the Bond when due.

Section 5. Tax Covenants.

5.01 General. A. The Issuer covenants and agrees with the holder of the Bond that the Issuer will (i) take all action on its part necessary to cause the interest on the Bond to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bond and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bond to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bond and investment earnings thereon on certain specified purposes.

B. For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the Issuer finds, determines and declares:

- (1) the Issuer is a governmental unit with general taxing powers;

(2) the Bond is not a “private activity bond” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”);

(3) 95% or more of the net proceeds of the Bond is to be used for local governmental activities of the Issuer; and

(4) the aggregate face amount of the tax exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Bond is issued is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

C. In order to qualify the Bond as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the Issuer makes the following factual statements and representations:

(i) the Bond is not “private activity bonds” as defined in Section 141 of the Code;

(ii) the Issuer designates the Bond as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(iii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year in which the Bond is being issued will not exceed \$10,000,000; and

(iv) not more than \$10,000,000 of obligations issued by the Issuer during the calendar year in which the Bond is being issued have been designated for purposes of Section 265(b)(3) of the Code.

## Section 6. Miscellaneous.

6.01 Filing with County Auditor. The Administrator is directed to file with the County Auditor a certified copy of this resolution and such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Bond herein authorized have been duly entered on the County Auditor’s register.

6.02 Offering Materials. No official statement or prospectus has been prepared or circulated by the Issuer in connection with the sale of the Bond and the Lender has made its own investigation concerning the Issuer as set forth in a Lender’s certificate or investment letter and receipt.

6.03 Absent or Disabled Officers. In the event of the absence or disability of the Mayor or the Administrator, such officers or members of the City Council as in the opinion of the Issuer’s

attorney, may act in their behalf, shall without further act or authorization, execute and deliver the Bond, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 7. Loan Agreement. The proceeds of the Bond will be advanced to the Issuer in accordance with the terms of this Resolution and with a Loan Agreement between the Issuer, and the Lender (the “Loan Agreement”). The Mayor and Administrator of the Issuer are hereby authorized and directed to execute the Loan Agreement substantially in the form currently on file in the office of the Issuer.

Section 8. Pre- and Post-Issuance Compliance Policy and Procedures. The Issuer has previously approved a Pre- and Post-Issuance Compliance Policy and Procedures which applies to qualifying obligations to provide for compliance with all applicable federal regulations for tax-exempt obligations or tax-advantaged obligations (collectively, the “Policy and Procedures”). The Issuer hereby ratifies the Policy and Procedures for the Bond. The Administrator continues to be designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

The motion for the adoption of the foregoing resolution was duly seconded by member Anderson and upon a vote being taken thereon, the following voted in favor thereof: Anderson, Mulry, Bosselman, Dufault and Offerdahl.

and the following voted against the same: none

Adopted: April 22, 2021.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Administrator

There being no further business to come before the council, motion was made by Anderson, seconded by Dufault to adjourn. Motion carried by unanimous vote.

\_\_\_\_\_  
Cassandra Heide, City Administrator