

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL  
OF THE CITY OF FOSSTON, POLK COUNTY MINNESOTA  
May 15, 2023

The regular meeting of the Council of the City of Fosston, Polk County Minnesota was held in council chambers on Monday, May 15, 2023, at 7:00 p.m.

The meeting was called to order by Mayor Offerdahl with the following members present: Anderson, Dufault, LePier and Mulry. Members absent: None. Also present was: Cassie Heide, Steven Lyseng, Sarah Manecke, Karen Graham, Stephen Larson, Keith Kinnen, Jarda Solc, Mary Olson, Jason Murray, Mike McColl, Bobby Drellack, and Ron Bodensteiner.

Recited the Pledge of Allegiance.

Motion was made by Anderson, seconded by LePier to approve the agenda. Motion carried by unanimous vote.

Motion was made by Mulry, seconded by Anderson to approve Consent Agenda items A., B., C. Motion carried by unanimous vote.

- A) To approve the minutes of the regular meeting held April 10, 2023, and Board of Appeals and Equalization minutes from April 26, 2023, as presented.
- B) To approve Accounts Payable Bill Listing #23-05 in the amount of \$161,288.88 and Supplemental AP Bill Listing #23-05A in the amount of \$24,794.27.
- C) To approve Accounts Payable Bill Listing – Omland Court, \$4,689.71.

COMMITTEES/BOARDS/COMMISSION:

City Administration: Cassie Heide reported on matters pertaining to her department

- Heide noted that the City of Fosston’s application for a Greater Minnesota Business Development Public Infrastructure Program grant for the Fosston Industrial Park project has been approved in the amount of \$960,460. This award will provide the necessary resources for continued economic growth and enhance employment in the community.
- Heide received notice that our FY 2024 congressionally directed spending project, City of Fosston Wastewater Facility Expansion, has been submitted by Senators Klobuchar and Smith to the Senate Appropriations Committee.
- Manecke completed her 3<sup>rd</sup> (final) year of Minnesota Municipal Clerks Institute. Once all of her hours are tallied, the City will have two licensed clerks.
- Heide indicated that Manecke sent out letters, rental license applications and a copy of the ordinance to landlords. We have been fielding phone calls from landlords with questions/concerns regarding the licensing, fee, and inspection.

Street/Utilities/Sanitation: Steven Lyseng reported on matters pertaining to his department

- Lyseng noted that pond 2 has been discharged and it did not require any chemicals.
- Lyseng ordered 150 water meters.
- Lyseng attended a lead/copper rule revision class – the MN Department of Health will likely require homeowners to replace their lead service lines. The state will likely add funding to assist cities with this work.
- There have been two water breaks since the last meeting, with a total of five for the year.
- The Johnson Ave North preconstruction meeting was held May 11<sup>th</sup>. Hagen could begin working on the storm sewers in the park in the next couple of weeks.
- Lyseng touched on the power outage on May 2<sup>nd</sup> – it was an issue with Minnkota, but the city assisted with restoring electricity.
- During the scheduled power outage on May 6<sup>th</sup>, staff hooked up the industrial feeder line.
- A new transformer was put into service for the Palubicki Apartment building.
- Heide & Lyseng will be attending the annual NMPA meeting in TRF on May 17<sup>th</sup>.
- Lyseng noted that the main gas meter on Highway 92 was installed.
- Staff has been testing the large meters to ensure they are operating correctly.
- Lyseng noted that the city picked up a new brush truck.
- The street department has hired two kids to help for the summer. Staff have been sweeping streets and painting curbs. May is clean-up month so they have been busy with picking up brush and trash from yards.

Civic Center: Karen Graham reported on matters pertaining to her department

- Summer Rec registration continues through May 31<sup>st</sup>.
- Graham indicated that Mr. Pearson's shop class is building benches for the warming house, skating rink, dugouts, etc. Local businesses have donated money for these benches and will have their business name engraved on them.
- The Civic Center has been busy every weekend with birthday parties.
- Graham noted that the boardwalk along the FIT trail is still a concern and will have to be addressed.

Police Department: Mary Olson reported on behalf of Dustin Manecke on matters pertaining to the police department.

- Olson reported they had 136 calls for service in April, 19 reports were generated; and 109 calls for service thus far in May, 6 reports have been generated.
- Some of the more notable calls included ~ two juvenile sexual assault cases, dog bite, potentially dangerous dog, juvenile runaway, heart failure medical and a traffic stop that led to subjects being arrested for driving under the influence and possession of a large amount of meth.
- Olson noted that numerous 10-day abatement letters and ordinance violation letters have been sent out to residents.

- Officer Olson reached her one-year work anniversary.
- Room clearing training is set for June 6<sup>th</sup>; defensive tactics training is set for June 14<sup>th</sup>; and annual handgun/rifle/shotgun qualification & training is planned for July or August.

Community Development:

- Heide informed the council that the EDA board met at noon on May 8<sup>th</sup>. The board continues to discuss housing, childcare, and the mobile home park. Heide indicated she spoke with a potential buyer of the mobile home park. A couple housing projects include the Palubicki apartments and new Firefly space. Heide noted that the childcare center is slowing seeing an uptick in children.

Hospital Board:

- Dufault reported that the board and OB Task Force has reviewed the initial draft of the Memorandum of Understanding from Essentia. Attorney Larson wanted to see more sustenance to the agreement. Revisions have been made and sent back to Essentia's mid-level management. We are still waiting for their response and a plan of action going forward.

Arts & Culture Commission: No report.

City Attorney:

- Larson reflected on the fact that he hasn't been as involved with the ordinance violations because of the action staff & council have taken.
- Larson indicated that recreational marijuana will likely become legal in Minnesota very soon and there will probably be some debate over it. He noted that as a city, we should start thinking about what, if any, limitations should be implemented.

ISD 601 Superintendent: No report.

Member Anderson introduced the following resolution and moved its adoption:

**RESOLUTION AUTHORIZING SPONSORSHIP  
OF TRAILS OPERATED BY  
KNIGHTRIDERS SNOWMOBILE CLUB  
RESOLUTION 23-16**

BE IT RESOLVED, that the City of Fosston act as the legal sponsor for an application for funding to the State of Minnesota Department of Natural Resources for grooming of snowmobile trails managed by the Knightriders.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Fosston may enter into an agreement with the State of Minnesota for the above-referenced

project and that it will comply with all applicable laws and regulations as stated in the agreement.

BE IT FURTHER RESOLVED that the City Administrator is authorized to sign such an agreement with the Department of Natural Resources.

BE IT FURTHER RESOLVED that the City Administrator is hereby authorized to serve as the fiscal agent for the above-referenced project.

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

And the following voted against the same: None.

Whereupon said resolution was declared passed and adopted this 15<sup>th</sup> day of May, 2023.

\_\_\_\_\_  
James Offerdahl, Mayor

ATTEST:

\_\_\_\_\_  
Cassie Heide, City Administrator

Member LePier introduced the following resolution and moved its adoption:

**RESOLUTION OF THE CITY OF FOSSTON**  
**ADOPTION OF THE**  
**POLK COUNTY ALL-HAZARD MITIGATION PLAN**  
**RESOLUTION 23-17**

WHEREAS, the City of Fosston has participated in the hazard mitigation planning process as established under the Disaster Mitigation Act of 2000, and

WHEREAS, the Act establishes a framework for the development of a multi-jurisdictional County Hazard Mitigation Plan; and

WHEREAS, the Act as part of the planning process requires public involvement and local coordination among neighboring local units of government and businesses; and

WHEREAS, the Polk County Plan includes a risk assessment including past hazards, hazards that threaten the County, an estimate of structures at risk, a general description of land uses and development trends; and

WHEREAS, the Polk County Plan includes a mitigation strategy including goals and objectives and an action plan identifying specific mitigation projects and costs; and

WHEREAS, the Polk County Plan includes a maintenance or implementation process including plan updates, integration of the plan into other planning documents and how Polk County will maintain public participation and coordination; and

WHEREAS, the Plan has been shared with the Minnesota Division of Homeland Security and Emergency Management and the Federal Emergency Management Agency for review and comment; and

WHEREAS, the Polk County All-Hazard Mitigation Plan will make the county and participating jurisdictions eligible to receive FEMA hazard mitigation assistance grants; and

WHEREAS, this is a multi-jurisdictional Plan and cities that participated in the planning process may choose to also adopt the County Plan.

NOW THEREFORE BE IT RESOLVED that the City of Fosston supports the hazard mitigation planning effort and wishes to adopt the Polk County All-Hazard Mitigation Plan.

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

And the following voted against the same: None.

This Resolution was declared duly passed and adopted and was signed by the mayor and attested to by the City Administrator this 15<sup>th</sup> day of May, 2023.

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James Offerdahl, Mayor

Attest:

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Cassie Heide, City Administrator

Mayor Offerdahl asked the other members how many of them knew they would be compensated prior to running for council. Most of them stated they were unaware of the compensation associated with City Council.

Anderson made a motion to amend council salaries to \$3,800 for mayor, \$2,516 for council members and an additional \$75.00 for any special emergency meeting. Motion was seconded by LePier. Mulry indicated he was in opposition as he did not agree with the additional \$75.00 for special meetings. Members in favor: Anderson and LePier. Members opposed: Dufault, Mulry and Offerdahl. Motion failed.

Mayor Offerdahl allowed another motion to be made. Mulry made a motion to amend council salaries to \$3,800 for mayor, \$2,516 for council members and an additional \$45.00 for any special emergency meeting. Motion died for lack of a second. There appeared to be some misunderstanding, so Mayor Offerdahl allowed for one final motion.

Introduced by Council Member Anderson

Seconded by Council Member Mulry

**ORDINANCE NO. 23-01**

**AN ORDINANCE OF THE CITY OF FOSSTON, MINNESOTA AMENDING CHAPTER 31: CITY COUNCIL REGARDING COUNCIL SALARIES EFFECTIVE JANUARY 1, 2025.**

THE CITY COUNCIL OF THE CITY OF FOSSTON DOES ORDAIN AS FOLLOWS:

**Section 1.** Fosston City Code, Section 31.15(C)(5), which outlines the amount of the annual compensation to be paid to the Mayor and Council Members, is repealed and replaced with the following:

(5) Establish the salary of the Mayor and Council Members, which salaries shall be continued at the rate of \$3,800.00 per year for the Mayor and the rate of \$2,516.00 per year for each Council Member until changed by the Council. The Mayor and each Council Member shall be compensated an additional \$45.00 for any special or emergency meeting which they attend.

**Section 2.** This ordinance shall be published immediately but shall not take effect until January 1, 2025.

Voting in the negative: Dufault and Offerdahl.

Voting in the affirmative: Anderson, LePier and Mulry.

Passed this 15th day of May, 2023.

\_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Administrator

Council considered adopting the Public Art Master Plan. Mike McColl noted that the purpose of this plan is to bring together community and government ideas and aid in providing recommendations on the placement of visual projects with the City of Fosston. Public Art builds a sense of community pride and enhances the quality of our lives. Heide noted that property in

the open is covered by our insurance. Mulry asked McColl if he could provide an update to his plan for his “Art of the Deco” sculpture along the FIT Trail. He stated he will be working with city staff to get the piece down so it can be repaired.

Motion was made by Anderson, seconded by Dufault to adopt the Public Art Master Plan. Motion carried by unanimous vote.

Jason Murray recommends authorization of the bond sale.

## **RESOLUTION NO. 23-18**

### **RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF \$1,260,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2023A**

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

#### 1.01 Authority and Purpose.

A. Pursuant to authority contained in Minnesota Statutes, Chapters 429 and 475, the City Council directs the issuance and sale of \$1,260,000 General Obligation Improvement Bonds, Series 2023A of the Issuer (the “Bonds”), for the purpose of (i) financing a portion of the costs of the Issuer’s 2023 Infrastructure Projects (the “Project”); and (ii) for payment of the issuance costs of the Bonds. The principal of and interest on the Bonds shall be paid primarily from special assessments levied upon benefited property (the “Special Assessments”) and ad valorem taxes (the “Taxes” and together with the Special Assessments, the “Pledged Revenues”). The Project is ordered as required by Minnesota Statutes, Section 429.091, Subdivision 1.

B. The Bonds shall provide funds to finance the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Project shall proceed with due diligence to completion. The Issuer covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

1.02 Findings. It is necessary and desirable that the Issuer issue its \$1,260,000 General Obligation Improvement Bonds, Series 2023A (the “Bonds”), to finance the Project.

1.03 Independent Municipal Advisor. The Issuer has retained the services of David Drown Associates, Inc., as its independent municipal advisor.

1.04 Award of Sale. The Issuer has received an offer from Northland Securities, Inc. of Minneapolis, Minnesota (the “Purchaser”), to purchase the Bonds at a cash price of \$1,247,000.00, plus accrued interest on the total principal amount from May 30, 2023, to the date of delivery (the “Accrued Interest”) and upon condition that the Bonds 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 Purchaser is hereby accepted. The actions of the Mayor and the City Administrator taken with respect to execution on the part of the Issuer of a contract for the sale of the Bonds in accordance with the Purchaser’s proposal are hereby ratified and approved.

Section 2. Terms of the Bonds.

2.01 Date and Maturities. A. The Bonds shall be (i) issued as fully-registered bonds, (ii) designated “\$1,260,000 General Obligation Improvement Bonds, Series 2023A,” (iii) dated May 30, 2023, as the date of original issue, (iv) issued in the denomination of \$5,000, or any integral multiple thereof, (v) issued in fully registered form, and (vi) lettered and numbered R-1 and upward.

B. The Bonds shall mature on February 1 in the years and amounts stated below and shall bear interest from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue until paid at the rates per annum set forth below opposite such years and amounts:

<b>Year</b>	<b>Principal</b>	<b>Interest Rate</b>
2025	\$65,000	3.625%
2026	\$70,000	3.625%
2027	\$70,000	3.625%
2028	\$75,000	3.625%
2029	\$75,000	3.625%
2030	\$80,000	3.625%
2031	\$80,000	3.625%
2032	\$80,000	3.625%
2033	\$85,000	3.625%
2034	\$90,000	3.75%
2035	\$90,000	3.75%
2036	\$95,000	3.75%
2037	\$100,000	3.75%
2038	\$100,000	3.75%
2039	\$105,000	3.75%

C. The maturities of the Bonds, 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 Interest Payment Dates; Record Date.

A. The Bonds shall bear interest at the annual rates stated therefor in Section 2.01. The interest shall be payable semiannually on February 1 and August 1 in each year (each referred to herein as an “Interest Payment Date”) commencing on February 1, 2024. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.



B. The Bond Registrar designated below shall make all interest payments with respect to the Bonds by check or draft mailed to the person in whose name each Bond is registered (the "Holder") and in each case at the address shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the calendar month next preceding the Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The term "Holder" shall also include those lawfully entitled to take actions on behalf of the beneficial owners of the Bonds for purposes of any consent or approvals given by Holders.

C. If the date for payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

2.03 Redemption. A. The Bonds maturing on and prior to February 1, 2031 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, after such date and in subsequent years shall each be subject to redemption and prepayment at the option of the Issuer on such date and on any day thereafter, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the redemption date.

B. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar and by publishing the notice of redemption, if required by law, in the manner required by Minnesota Statutes, Section 475.54, Subdivision 4; provided, however, that so long as the Bonds are registered in the name of Cede & Co., notice of redemption shall be given in accordance with the terms of the Representation Letter. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure. 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.

C. If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the Issuer or the Bond Registrar designated below will notify 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 interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

### Section 3. Registration; Global Book Entry System.

3.01 Designation of Bond Registrar. The City Council appoints Northland Trust Services, Inc., Minneapolis, Minnesota, as registrar, authenticating agent and transfer agent for the Bonds (such bank or its successors is herein referred to as the “Bond Registrar”), and shall do so until a successor Bond Registrar is duly appointed, all pursuant to a contract which the Issuer and the Bond Registrar shall execute which is consistent herewith and which the Mayor and City Administrator are authorized to execute and deliver. A successor Bond Registrar shall be a bank or trust company eligible for designation as bond registrar pursuant to the Act. The terms of the appointment of the successor Bond Registrar and its duties shall be specified in a contract between the Issuer and such successor Bond Registrar that is consistent herewith and that the Mayor and City Administrator are authorized to execute and deliver. The Bond Registrar, which may act through an agent, shall also serve as paying agent until and unless a successor paying agent is duly appointed. The Bond Registrar shall pay principal and interest on the Bonds to the registered Holders (or record Holders) of the Bonds in the manner set forth herein. The Issuer agrees to pay the reasonable and customary charges for the services of such Bond Registrar.

3.02 Designation of Depository. DTC, a Securities and Exchange Commission designated depository, a limited purpose New York trust company, a member of the Federal Reserve System, and a “clearing corporation” within the meaning of the New York Uniform Commercial Code, is designated as the depository (the “Depository”) with respect to the Bonds.

3.03 Authentication of Bonds. No Bond shall be valid or obligatory for any purpose unless or until either (i) the Bond Registrar’s authentication certificate on such Bond, substantially set forth in Section 4.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar or (ii) the Bonds have been manually executed by at least one officer of the City Council. Authentication certificates on different Bonds need not be signed by the same representative. The Bond Registrar shall authenticate each Bond by execution of the Certificate of Authentication on the Bond and shall date each Bond in the space provided as of the date on which the Bond is registered. For purposes of delivering the original Bonds, the Bond Registrar shall insert as the date of registration the date of original issue. The executed Authentication Certificate or the manual signature of at least one officer of the City Council on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

### 3.04 Bond Register; Transfer; Exchange.

A. The Issuer shall cause to be kept by the Bond Registrar at its principal office, a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Issuer shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or

removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council.

B. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the Issuer shall execute, if required by law or this Resolution, and the Bond Registrar shall authenticate, if required by law or this Resolution, date (in the space designated Date of Registration) and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of “bearer” or similar designation. Transfer of a Bond may be made on the Issuer’s books by the registered owner in person or by the registered owner’s attorney duly authorized in writing. Transfers shall be subject to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Issuer and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of the Bonds.

C. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the registered owner thereof, with signature guaranteed, or by the registered Holder’s attorney duly authorized in writing, and shall include written instructions as to the details of the transfer of the Bond. When any Bond is presented to the Bond Registrar for transfer, the Bond Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Bond Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

D. At the option of the Holder, replacement Bonds may be exchanged for Bonds of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute (if required by law or this Resolution), and the Bond Registrar shall authenticate (if required by law or this Resolution), date (in the space designated Date of Registration) and deliver the replacement Bonds which the Holder making the exchange is entitled to receive. Bonds registered in the name of Cede & Co. may not be exchanged for Bonds of smaller denominations.

E. All Bonds surrendered upon any exchange or transfer provided for in this Resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the Issuer.

F. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. All Bonds delivered in exchange for or upon transfer of Bonds shall be valid

general obligations of the Issuer evidencing the same debt, shall be entitled to the same benefits under this Resolution as the Bonds surrendered for such exchange or transfer, and shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds.

G. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost bonds.

H. Bonds registered in the name of Cede & Co. may not after their original delivery, be transferred or exchanged except in accordance with the terms and conditions of the Representation Letter and:

(i) upon exchange of a Bond after a partial redemption, if provided in Section 2.03 of this Resolution;

(ii) to any successor of the Depository (or its nominee) or any substitute depository (a "Substitute Depository") designated pursuant to clause (iii) below; provided that any successor of the Depository or any Substitute Depository must be both a "clearing corporation" as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended;

(iii) to a Substitute Depository designated by and acceptable to the Issuer upon (a) the determination by the Depository that the Bonds shall no longer be eligible for its depository services or (b) a determination by the Issuer that the Depository is no longer able to carry out its functions; provided that any Substitute Depository must be qualified to act as such, as provided in subclause (ii) above; or

(iv) in the event that (a) the Depository shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and the Issuer is unable to locate a Substitute Depository within two months following the resignation or discontinuance or determination of noneligibility, or (b) the Issuer determines in its sole discretion that (1) the continuation of the book-entry system described herein might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, then the Issuer shall notify the Holders of its determination and of the availability of replacement Bonds to Holders. The Issuer, the Bond Registrar and the Depository shall cooperate in providing Replacement Bonds to Holders requesting the same and the registration, transfer and exchange of such Bonds shall thereafter be conducted as provided in Section 3 of this Resolution.

I. In the event of the designation of a Substitute Depository as authorized by clause H., the Bond Registrar, upon presentation of a Bond, shall register their transfer to the Substitute Depository, and the Substitute Depository shall be treated as the Depository for all purposes and functions under this Resolution. The Representation Letter shall not apply to the Substitute Depository unless the Issuer and the Substitute Depository so agree, and the execution of a similar agreement is authorized.

### 3.05 Persons Deemed Owners; Payment.

A. The Issuer and the Bond 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 premium, if any, and interest (subject to the payment provisions in Section 2.02 above), on such Bond and for all other purposes whatsoever, whether or not such Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

B. For the purposes of all actions, consents and other matters affecting Holders of Bonds issued under this Resolution as from time to time supplemented, other than payments, redemptions, and purchases, the Issuer may (but shall not be obligated to) treat as the Holder of a Bond the beneficial owner of the Bond instead of the person in whose name the Bond is registered. For that purpose, the Issuer may ascertain the identity of the beneficial owner of the Bond by such means as the Bond Registrar in its sole discretion deems appropriate, including but not limited to a certificate from the Depository or other person in whose name the Bond is registered identifying such beneficial owner.

C. The principal of and interest on the Bonds shall be payable by the Bond 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 Bond Registrar for the disbursement of principal and interest.

### 3.06 Use of Global Book-Entry System.

A. There has been previously submitted to this City Council a form of Blanket Issuer Letter of Representations (the "Letter of Representations") between the Issuer and the Depository setting forth various matters relating to the Depository and its role with respect to the Bonds. The terms and conditions of the Letter of Representations are ratified.

B. So long as DTC is the Depository or it or its nominee is the Holder of any Bonds, the Issuer shall comply with the provisions of the Letter of Representations, as it may be amended or supplemented from time to time.

C. Additional matters with respect to, among other things, notices, consents and approvals by Holders and payments on the Bonds are set forth in the Letter of Representations.

D. The provisions in the Letter of Representations are incorporated herein by reference and made a part of this Resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this Resolution, the provisions in the Letter of Representations shall control.

3.07 Mutilated, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost, the Bond 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 Bond Registrar and the Issuer in connection therewith,

including the cost of printing new Bonds; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Bond Registrar and the Issuer of evidence satisfactory to it and the Issuer that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it and the Issuer and as provided by law, in which both the Issuer and the Bond Registrar must be named as obliges ds. Bonds so surrendered to the Bond Registrar will be canceled by the Bond Registrar and evidence of such cancellation must be given to the Issuer. 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.

Section 4. Form of the Bonds.

4.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
POLK COUNTY

R-\_\_\_ \$\_\_\_\_\_

CITY OF FOSSTON  
GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2023A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
___%	February 1, 20__	May 30, 2023	350003

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Fosston, Polk County, Minnesota (the “Issuer”), certifies that it is indebted and for value received, promises to pay to the registered owner specified above or on the Registration Certificate attached hereto, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon from the date of original issue set forth above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, until the principal amount is paid, said interest being at the rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”) commencing on February 1, 2024, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal amount is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof set forth above.

**Payment.** The principal of and premium, if any, on this Bond are payable by wire transfer (or other agreed means of payment) on each payment date no later than 12:00 noon (New York, New York time) upon presentation and surrender hereof at the office of Northland Trust Services, Inc., Minneapolis, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the “Bond Registrar”), or at the office of such successor bond registrar as may be designated by the Issuer. Interest on this Bond will be paid on each Interest Payment Date (by 12:00 noon, New York, New York time) by wire transfer (or other agreed means of payment) to the person in whose name this Bond is registered (the “Holder” or “Bondholder”) on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding such Interest Payment Date (the “Regular Record Date”). Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of the defaulted interest, and notice of the special record date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The Bond Registrar shall make all payments with respect to this Bond 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. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the Issuer are irrevocably pledged.

**Date of Payment Not Business Day.** If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

**Optional Redemption.** The Bonds maturing on and prior to February 1, 2031 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, after such date and in subsequent years shall each be subject to redemption and prepayment at the option of the Issuer on such date and on any day thereafter, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the redemption date.

**Notice of and Selection of Bonds for Redemption.** Not less than 30 nor more than 60 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; provided, however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, Jersey City, New Jersey (“DTC”), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of

Representations which has been executed by the Issuer and DTC (the “Representation Letter”).

If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the Issuer or the Bond Registrar designated below will notify 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 interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest. If any Bond is redeemed in part, upon surrender of the Bond being redeemed, the Issuer shall deliver or cause to be delivered to the registered owner of such Bond, a Bond in like form in the principal amount equal to that portion of the Bond so surrendered not being redeemed.

**Issuance; Purpose.** This Bond is one of a series issued by the Issuer in the total aggregate amount of \$1,260,000, all of like original issue date and tenor, except as to number, maturity date, redemption privilege, denomination and interest rate, pursuant to: (i) the authority contained in Minnesota Statutes, Chapters 429 and 475; (ii) the Constitution of the State of Minnesota and all other laws thereunto enabling; and (iii) an authorizing resolution adopted by the governing body of the Issuer on May 15, 2023 (the “Resolution”), and is issued for the purpose of financing a portion of the costs of local public improvements. The principal of and interest on the Bonds are payable primarily from special assessments levied or to be levied against benefited property and ad valorem taxes pledged to the Debt Service Account in the special fund of the Issuer entitled “2023A Improvement Program Fund,” as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

**General Obligation.** This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are irrevocably pledged.

**Denominations; Exchange.** The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Issuer will, at the request of the registered owner, issue one or more new fully registered Bonds in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, and of like tenor except as to number and principal amount at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution and the Representation Letter. Reference is made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.



**Registration; Transfer.** This Bond shall be registered in the name of the payee on the books of the Issuer by presenting this Bond for registration to the Bond Registrar, whose representative will endorse his or her name and note the date of registration opposite the name of the payee in the Registration Certificate attached hereto. Thereafter this Bond may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the Issuer and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Bond Registrar, all subject to the terms and conditions provided in the Resolution and the Representation Letter and to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar. Thereupon the Issuer shall execute (if required by law or the Resolution) and the Bond Registrar shall authenticate (if required by law or the Resolution) and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

**Fees Upon Transfer or Loss.** The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds. No service charge shall be made by the Issuer for any transfer or exchange hereinbefore referred to but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

**Treatment of Registered Owner.** The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

**Authentication.** This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until either (i) the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives or (ii) the Bond has been manually executed by at least one officer of the governing body of the Issuer.

**State Guarantee.** The Issuer has qualified these Bonds for participation in the State of Minnesota Public Facilities Credit Enhancement Program under which the State of Minnesota guaranties payment of city debt obligations pursuant to Minnesota Statutes, Section 446A.086. If the Issuer is unable to make any portion of the principal or interest payments on the Bonds as they become due, the State of Minnesota has agreed to make such payment in the Issuer's place.

**Qualified Tax-Exempt Obligations.** The Bonds of this issue have been designated by the Issuer as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

IT IS CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required; that, if necessary for payment of principal of and interest on the Bonds of this issue, ad valorem taxes may be levied upon all taxable property in the Issuer without limitation as to rate or amount; and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery, does not exceed any constitutional, charter or statutory limitation of indebtedness.

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 facsimile signature of the Mayor and attested by the facsimile signature of the City Administrator, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

ATTEST:

*(form- no signature required)* \_\_\_\_\_  
City Administrator

*(form – no signature required)* \_\_\_\_\_  
Mayor

REGISTRAR’S AUTHENTICATION CERTIFICATE

The Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturity date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

NORTHLAND TRUST SERVICES, INC.  
Registrar  
Minneapolis, Minnesota

By \_\_\_\_\_  
Authorized Representative

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 Northland Trust Services, Inc., Minneapolis, Minnesota, 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 Registrar, in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
05/30/23	Cede & Co. c/o The Depository Trust Company 570 Washington Blvd. Jersey City, NJ 07310 Federal Taxpayer I.D. No.: 13- 2555119	_____

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 irrevocably constitutes and appoints \_\_\_\_\_ 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)

*Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

4.02 Preparation and Execution. The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Administrator. The legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. shall be appended to each Bond. The corporate seal of the Issuer may be omitted from the Bonds as permitted by law. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be an

officer before delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

4.03 Delivery of the Bonds. Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Purchaser. Printed or typewritten, and executed Bonds shall be furnished by the Issuer without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the City Administrator to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 5. Covenants, Funds and Accounts.

5.01 Covenants. It is determined that the Project will directly and indirectly benefit abutting property, and the Issuer covenants with the holders from time to time of the Bonds as follows:

A. The Issuer has caused or will cause the Special Assessments to be promptly levied so that the first installment will be collectible not later than 2024 and will take all steps necessary to assure prompt collection, and the levy of the Special Assessments is authorized for purposes of Minnesota Statutes, Section 475.55, Subdivision 3. The City Council will cause all further actions and proceedings to be taken with due diligence that are required for the construction of each portion of the Project financed wholly or partly from the proceeds of the Bonds, and for the final and valid levy of the Special Assessments and the appropriation of any other funds needed to pay the Bonds and interest thereon when due.

B. It is recognized that the Issuer's liability on the Bonds is not limited to the Pledged Revenues, and the City Council covenants and agrees that in the event of any current or anticipated deficiency in Pledged Revenues, it will levy upon all taxable property within the Issuer and cause to be extended, assessed, and collected, any additional taxes found necessary for full payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

C. The Issuer will keep complete and accurate books and records showing: receipts and disbursements in connection with the improvements and Special Assessments levied therefor and other funds appropriated for their payment, collections and disbursements thereof, moneys on hand and the balance of unpaid Special Assessments.

D. The Issuer will cause its books and records to be audited and will furnish copies of such audit reports to any interested person upon request.

E. The City Council covenants and agrees with the holders of the Bonds and with its taxpayers that it will assess against benefited property not less than 20% of the cost of each Project financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3).

F. The Issuer covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each Project financed hereunder unless the resolution ordering the Project specifies a different time limit for the letting of construction contracts.

G. The Issuer further covenants and agrees that it will do and perform as soon as they may be done all acts and things necessary for the final and valid levy of such Special Assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the Issuer or the City Council, or any of the Issuer officers or employees, either in the making of the Special Assessments or in the performance of any condition precedent thereto, the Issuer and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

5.02 The Fund. There is created a special fund to be designated the “2023A Improvement Program Fund” (the “Fund”) to be administered and maintained by the City 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 Bonds and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the “Construction Account” and “Debt Service Account,” respectively:

A. Construction Account.

(1) On receipt of the purchase price of the Bonds, the Issuer shall credit (a) proceeds from the sale of the Bonds; less amounts necessary to pay capitalized interest (the “Capitalized Interest”); less the rounding amount (the “Rounding Amount”); and less amounts allocated to accrued interest paid by the Purchaser upon closing and delivery of the Bonds (the “Accrued Interest”); plus (b) any Special Assessments levied with respect to the Project and collected prior to completion of the Project and payment of the costs thereof, to the Construction Account.

(2) From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65; and the moneys in said account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes or Special Assessments herein levied or covenanted to be levied; and provided further that if upon completion of the Project there shall remain any unexpended balance in the Construction Account, the balance (other than any Special Assessments) may be transferred by the City Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and provided further that any Special Assessments credited to the Construction Account shall only be applied towards payment of the costs of the Project upon adoption of a resolution by the City Council determining that the application of the Special Assessments for such purpose will not cause the Issuer to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1. Other costs for which payment from the Construction Account is authorized shall include costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Bonds.

B. Debt Service Account.

(1) There is pledged and appropriated and there shall be credited to the Debt Service Account: (i) the Accrued Interest; (ii) the Capitalized Interest and Rounding Amount; (iii) Special Assessments levied or to be levied for the Project and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the Bonds or collected subsequent to the completion of the Project and payment of the costs thereof; (iv) Taxes; (v) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof, not so transferred to the account of another improvement; (vi) any and all other moneys which are properly available and are appropriated by the governing body of the Issuer to the Debt Service Account; and (vii) investment earnings on the monies identified in the foregoing clauses (i) through (vi). The proceeds of the Bonds described in clauses (i) through (ii) of the preceding sentence shall be used for payment of interest on the Bonds.

(2) The money in such account shall be used for no purpose other than the payment of principal and interest and redemption premium, if any, on the Bonds and any other general obligation bonds of the Issuer hereafter issued by the Issuer and made payable from said account as provided by law; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Account, the City Administrator shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Account when the balance therein is sufficient.

5.03 Tax Levy. A. For the prompt and full payment of the principal and interest on the Bonds 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 in ATTACHMENT A hereto, which is incorporated by reference as though fully set forth herein.

B. The tax levies are such that if collected in full they, together with estimated collections of investment earnings and Special Assessments herein pledged for payment of the Bonds, will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Bonds.

C. The tax levies shall be irrevocable so long as any of the Bonds are outstanding and unpaid; provided, however, that on November 30 of each year, while any Bonds issued hereunder remain outstanding, the City Council 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.

5.04 Investments. Monies on deposit in the Construction Account and in the Debt Service Account may, at the discretion of the City Administrator, be invested in securities permitted by Minnesota Statutes, Chapter 118A, that any such investments shall mature at such times and in such amounts as will permit for payment of project costs and/or payment of the principal and interest on the Bonds when due.

## Section 6. Tax Covenants.

### 6.01 General.

A. The Issuer covenants and agrees with the Holders of the Bonds that the Issuer will (i) take all action on its part necessary to cause the interest on the Bonds 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 Bonds 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 Bonds to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

B. The Issuer covenants 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 payable on the Bonds to become subject to taxation under the Internal Revenue Code; and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within its powers which may be necessary to insure that such interest will not become subject to taxation under the Code. The term “Internal Revenue Code” or “Code” as used herein includes the Internal Revenue Code of 1986, as amended, and all regulations, amended regulations and proposed regulations issued thereunder, as now existing, or as hereafter amended or proposed.

C. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (ii) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other Issuer account which will be used to pay principal or interest to become due on the Bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage restrictions may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable “temporary periods” or “minor portion” made available under the federal arbitrage regulations. Money in those funds shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

6.02 Rebate Exemption. For purposes of qualifying for the small-issuer exception to the federal arbitrage rebate requirements, the Issuer hereby finds, determines and declares that the aggregate face amount of the tax-exempt obligations (other than private activity bonds) issued by the Issuer (and all subordinate entities of the Issuer) during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended.



6.03 Bank Qualification. In order to qualify the Bonds as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code, the Issuer hereby makes the following factual statements and representations:

- A. the Bonds are not a “private activity bond” as defined in Section 141 of the Code;
- B. the Issuer hereby designates the Bonds as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code;
- C. 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
- D. 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.

The Issuer shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this Section.

6.04 Arbitrage Certification. The Mayor and the City Administrator, being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser an arbitrage certification in order to satisfy the provisions of the Code and the regulations promulgated thereunder

6.05 Opinion of Counsel. Notwithstanding any other provision of this Section 6, any requirement imposed hereunder or under Section 5 hereof may be deemed inapplicable and of no force or effect if an opinion of counsel is rendered to the Issuer by nationally recognized Bond Counsel to the effect that the failure to impose such requirement will not adversely effect the tax exempt status of interest on the Bonds.

Section 7. Minnesota Public Facilities Authority Credit Enhancement Program.

A. The Issuer covenants and obligates itself to be bound by the provisions of Minnesota Statutes, Section 446A.086. The Issuer hereby approves the State of Minnesota Public Facilities Authority Credit Enhancement Program Agreement (the “PFA Agreement”) with the Minnesota Public Facilities Authority (the “PFA”) in substantially the form presented to the Issuer and approves or ratifies the submission of an application to participate in the PFA Credit Enhancement Program. The PFA Agreement is incorporated by reference as if fully set forth herein. The PFA Agreement shall be signed by the manual signature of the Mayor and the manual signature of the City Administrator.

B. The Issuer understands that as a result of its entering into the PFA Agreement, the provisions of Minnesota Statutes, Section 446A.086, shall be binding as long as any portion of the Bonds remain outstanding.

C. The Registrar is authorized and directed to notify the Minnesota Commissioner of Management and Budget if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Registrar.

D. The Issuer further covenants to comply with all procedures now or hereafter established by the Minnesota Department of Management and Budget pursuant to Minnesota Statutes, Section 446A.086 and otherwise to take such actions as necessary to comply with that section.

Section 8. Certificates of Proceedings; Miscellaneous.

8.01 Filing of Resolution; County Auditor Certificate. The City Administrator is directed to file a certified copy of this Resolution in the office of the County Auditor of Polk County, along with such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Bonds herein authorized have been duly entered on the Auditor's register and that the tax required by law for the payment of said Bonds has been levied.

8.02 Authentication of Transcript. The officers of the Issuer are authorized and directed to prepare and furnish to the Purchaser and to Bond Counsel certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Bonds and to the financial condition and affairs of the Issuer and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

8.03 Offering Materials. The Official Statement relating to the Bonds, on file with the City Administrator and presented to this meeting, is approved and deemed final, and the furnishing thereof to prospective purchasers of the Bonds is ratified and confirmed, insofar as the same relates to the Bonds and the sale thereof. The Mayor and the City Administrator 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.

8.04 Absent or Disabled Officers. In the event of the absence or disability of the Mayor or the City 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 Bonds, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

8.05 Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The Issuer may discharge its obligations with

respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The Issuer may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

Section 9. Continuing Disclosure. The City Council acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the “Rule”). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the Holders to provide continuing disclosure with respect to the Bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the Mayor and the City Administrator are authorized and directed to execute a Limited Continuing Disclosure Certificate substantially in the form of the Certificate currently on file in the office of the Issuer.

Section 10. Post-Issuance Tax Compliance. 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 Bonds. The Finance Director continues to be designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

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Mayor

ATTEST:

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City Administrator

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**ATTACHMENT A**

**\$1,260,000 General Obligation Improvement Bonds, Series 2023A  
City of Fosston, Minnesota**

<b>Levy Year</b>	<b>Collection Year</b>	<b>Tax Levy</b>
2023	2024	\$93,564
2024	2025	\$95,876
2025	2026	\$93,212
2026	2027	\$95,797
2027	2028	\$92,943
2028	2029	\$95,338
2029	2030	\$92,293
2030	2031	\$89,248
2031	2032	\$91,453
2032	2033	\$93,468
2033	2034	\$89,924
2034	2035	\$91,630
2035	2036	\$93,140
2036	2037	\$89,202
2037	2038	\$90,515



**EXTRACT OF MINUTES OF A REGULAR MEETING OF THE  
CITY COUNCIL OF THE  
CITY OF FOSSTON, MINNESOTA  
HELD: May 15, 2023**

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Fosston, Polk County, Minnesota, was duly held on May 15, 2023 at the City Hall, at 7:00 p.m.

Member Anderson introduced the following resolution and moved its adoption:

**RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF  
\$1,260,000 GENERAL OBLIGATION  
IMPROVEMENT BONDS, SERIES 2023A**

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

and the following Members voted against the same: none.

Whereupon the resolution was declared duly passed and adopted.

Council considered approving plans & specifications and soliciting bids for the Pickleball Court(s). Heide noted that cash on hand from donations is \$42,000. Essentia Health has pledged \$7,500 and the First Care Foundation will possibly donate \$7,500. Kinnen provided a preliminary estimate of \$67,626.33 for one pickleball court and \$112,247.13 for two pickleball courts. With a 20% match from the city, funds are in place to solicit bids for one court, with a second court as an alternate. Kinnen indicated that bid opening will be May 30<sup>th</sup>. If bids are within the budget, the start date for the project would be June 5<sup>th</sup>; substantial completion would be June 24<sup>th</sup>; and final completion would be June 30<sup>th</sup>. Council indicated they would like to exclude liquidated damages from the contract. Mulry strongly encourages the group to raise additional funds for a second court so more people can play.

Motion was made by Anderson, seconded by Dufault to approve the plans & specifications and solicit bids for the Pickleball Court(s). Motion carried by unanimous vote.

Council considered approval of an Independent Fee Estimate (IFE) from Bolton & Menk for Runway 16/34 reconstruction engineering. Using the Karvakko Engineering Scope of Services provided, Bolton & Menk's IFE for this project is construction administration in the amount of \$153,621.00 and resident project representative services in the amount of \$328,577.00 for a total of \$482,198.00. Karvakko's estimate was less. Independent Fee Estimates are required by the FAA.

Motion was made by Anderson, seconded by Mulry to approve the Independent Fee Estimate (IFE) from Bolton & Menk for Runway 16/34 reconstruction engineering. Motion carried by unanimous vote.

Council considered awarding Airport Runway 16/34 Reconstruction project. The apparent low bidder was Davidson Construction. Karvako has been in contact with Davidson Construction and have discussed the elements of the project and accuracy of Davidson's bid. Davidson Construction states that they are confident in their bid and that they understand all elements of the project. Karvako recommends that the project be awarded to Davidson Construction in the amount of \$3,948,948.56 contingent upon concurrence of the FAA and MnDOT Aeronautics.

Motion was made by Anderson, seconded by LePier to award the Airport Runway 16/34 Reconstruction project to Davidson Construction, Inc. in the amount of \$3,948,948.56. Motion carried by unanimous vote.

Council considered approving Task Order No. 009 - Airport Runway 16/34 Reconstruction Project Engineering. Karvako will provide construction administration, resident project representative (RPR), and project closeout services in the amount of \$465,000.00.

Motion was made by Anderson, seconded by Mulry to approve Task Order No. 009 - Airport Runway 16/34 Reconstruction Project Engineering. Motion carried by unanimous vote.

Keith Kinnen, Karvako was present to discuss the Airport, FIT Trail Expansion, 2023 Utility & Street Improvement project, and TAP/Berge Park Sidewalk project.

Airport Reconstruction – Davidson Construction, Inc. was awarded the contract in the amount of \$3,948,948.56.

Airport – The Master Plan for the airport has been submitted. Kinnen hopes to have it back sometime in June.

FIT Trail Expansion – Kinnen noted they did not apply for the DNR grant for the second segment of the FIT Trail. Instead, they will pursue other grant opportunities. Plans are underway and they have a surveyor in town.

2023 Utility & Street Improvement project – Kinnen noted that Hagen will likely start on the storm sewer in Berge Park prior to July. Kinnen also noted that Karvako could assist the city if the MN Department of Health requires homeowners to replace their lead water service lines.

TAP/Berge Park Sidewalk project – no report.

Omland Court Re-surface – Kinnen has plans 75% complete; will have a draft ready for staff next week.

Dufault asked if there was any update on the FIT Trail expanding further west along Highway 2 as was initially planned. Heide noted that she's had no answer from MNDOT and hasn't pushed the issue.

Jarda Solc, AE2S was present to discuss the 2024 EDA Industrial Park/Airport Utilities Hangar project. Solc indicated that the surveyors were here last week; wetland delineation is planned for the end of May; and monthly discussions with the city will be starting June 7<sup>th</sup>. Solc indicated that they plan to submit the airport design in July with bidding scheduled for September due to long lead times. The civil design won't be submitted until late fall, early winter per Solc.



A forum for members of the public present to speak was held. Bobby Drellack expressed his concern regarding parking in the alley behind the Red Poppy. He briefly parked in the alley, which is railroad and city property, to grab a plant at the Red Poppy. He was confronted by the homeowner to the east of the store who shouted at him and went after him with a weedwhacker for parking in the alley. Mr. Drellack also noted that he had put cones along the highway to prevent people from parking in front of his home. Mayor Offerdahl acknowledged that the city was aware of the parking issue and would address it.

Ron Bodensteiner expressed concern with the recently passed rental ordinance which requires yearly licensing, a \$67 fee per unit per year, and an inspection every three years. As a landlord, he feels there is no protection within the ordinance and believes that should be addressed by council. He also believes the fee is too high in comparison to other communities. Heide noted that administration set the fee solely to cover the cost of inspection. Taxpayers should not have to pay for these fees. Bodensteiner suggested inviting the landlords in for a discussion with council & staff. Mayor Offerdahl stated that would be a good idea and asked Heide to get something scheduled.

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

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Cassandra Heide, City Administrator