

FARIBAULT COUNTY
BOARD OF COMMISSIONERS
OFFICIAL PROCEEDINGS
JANUARY 16, 2018

The Faribault County Board of Commissioners met pursuant to the recess of January 2, 2018 at the Courthouse in the City of Blue Earth at 9:00 a.m. on January 16, 2018. The following members were present: Bill Groskreutz, Tom Loveall, John Roper, Tom Warmka, and Greg Young Commissioners. County Auditor/Treasurer/Coordinator John Thompson and County Attorney Kathryn Karjala-Curtis were also present.

The meeting was called to order by Chair Young.

The pledge of allegiance was recited.

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Groskreutz/Warmka motion carried unanimously to approve the synopsis and official proceedings of the January 2, 2018 regular and drainage authority meeting.

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Groskreutz/Warmka motion carried unanimously to approve the amended agenda of January 16, 2018.

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The calendar was updated.

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Landowner Dan Moore appeared during public comment to discuss issues with Big Blue Wind Farm. Violations are under investigation by the Department of Commerce. A press release was presented. The board was updated by Planning and Zoning Administrator Loria Rebuffoni on Friday with the same information by email. Moore was concerned with the noise as units had been built that were not in conformance with the plan and it was not modeled. Board thanked Moore for bringing issues up on the project.

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Committee reports were given. Loveall reported on Region Nine, Roper reported on FCEDA-CEDA and joint meeting with Soil and Water Conservation District board, and Groskreutz reported on Public Health issue.

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Central Services Director Dawn Fellows met regarding office business.

Loveall/Groskreutz motion carried unanimously to allow phone stipend to Loria Rebuffoni and Kathryn Karjala-Curtis.

Roper/Groskreutz motion carried unanimously to hire Troy Thompson as secretary in the Recorder's office and Wendy Brown as secretary in the Veteran Services.

An update given on extension and part-time jailer/dispatch positions. Notice was given that the technical administrative assistant in County Attorney's office has resigned.

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Public Works Director Mark Daly met regarding public works business.

Loveall/Roper motion carried to restructure the parks system with a Parks Manager position which will be a full-time union position (B23) covering the park for 30 weeks and snow plowing and maintenance 22 weeks of the year. This position will coordinate with non-employee lawn mowers, park hosts, and cleaning service who will be responsible for assisting campers on-site at each park (during season). Commissioners Groskreutz and Loveall voted no.

Roper/Loveall motion carried unanimously to accept quote for a Chevrolet Silverado pick-up from Blake Greenfield Chevrolet of Wells for \$32,266 per engineer's recommendation that it was better equipped. One other bid was received from Fairmont Ford for \$32,189. Both quotes were from the State Contract vendors.

Park Caretaker Mary Johnson spoke regarding the parks restructuring.

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Planning and Zoning Administrator Loria Rebuffoni met regarding office business.

Loveall/Warmka motion carried unanimously to appoint Lola Baxter to a 3-year term on the Board of Adjustments ending December 31, 2020 and Morrie Hanson, Jr. to complete Dennis Koziolk's term on the Board of Adjustments ending December 31, 2019.

Loveall/Warmka motion carried unanimously to approve a one-year agreement with Rupp, Anderson, Squires & Waldspurger, P.A. to provide professional services as a Land Use Consultant.

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Solid Waste Coordinator Billeye Rabbe met regarding office business.

Loveall/Warmka motion carried unanimously to approve solid waste hauler licenses to B & B Sanitation & Recycling of Winnebago, Hansen Sanitation, Inc. of Kasota, Hometown Sanitation of Windom, LJP Enterprises, Inc. of North Mankato, City of Minnesota Lake, Peterson Refuse & Demolition of Wells, Thompson Sanitation of Clarks Gove, and Waste Management of Fairmont; and recycling licenses to B & B Sanitation & Recycling of Winnebago, Hometown Sanitation of Windom, LJP Enterprises, Inc. of North Mankato, Mason City Recycling of Mason City Iowa, Peterson Refuse & Demolition of Wells, Thompson Sanitation of Clarks Gove, and Waste Management of Fairmont.

Loveall/Warmka motion carried unanimously to approve the City of Easton administering the Solid Waste Plan in Easton.

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Groskreutz/Warmka motion carried unanimously to approve Resolution 18-CB-03 approving the All-Hazard Mitigation plan. Commissioners Groskreutz, Loveall, Roper, Warmka, and Young voted yes.

RESOLUTION

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

WHEREAS, the Faribault County Plan includes a maintenance or implementation process including plan updates, integration of the plan into other planning documents and how Faribault 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 Faribault 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 Faribault County supports the hazard mitigation planning effort and wishes to adopt the Faribault County All-Hazard Mitigation Plan.

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Warmka/Groskreutz motion carried unanimously to re-appoint Kerry Doyle of Bricelyn to a 3-year term on the Extension committee ending December 31, 2020.

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Myron Knutson of PFM Financial Advisors LLC met regarding a bond sale for ditches and courthouse improvement.

Warmka/Loveall motion carried unanimously to approve Resolution 18-CB-04 authorizing issuance, awarding sale, prescribing the form and details and providing for the payment of \$7,515,000 General Obligation Bonds, Series 2018. Commissioners Groskreutz, Loveall, Roper, Warmka, and Young voted yes.

RESOLUTION

Authorizing issuance, awarding sale, prescribing the form and details
and providing for the payment of \$7,515,000 General Obligation Bonds, Series 2018

BE IT RESOLVED by the Board of Commissioners (the “Board of Commissioners”) of Faribault County, Minnesota (the “County”), as follows:

SECTION 1. AUTHORIZATION AND SALE

- 1.01. Authority; Authorization. The Board of Commissioners hereby determines it is in the best interest of the County to authorize the issuance and sale of \$7,515,000 General Obligation Bonds, Series 2018, pursuant to Minnesota Statutes, Chapters 103E and 475 and Section 375.18, subdivision 3, upon the terms and conditions hereinafter set forth.

The portion of the Bonds (\$1,370,000) to be issued pursuant to Minnesota Statutes, Section 375.18, subdivision 3 (the “Courthouse Bonds”), will be used to finance various improvements to the County Courthouse (the “Courthouse Project”). When combined with the principal amount of all other obligations issued by the County pursuant to such statute (\$0), the Courthouse Bonds are being issued in a principal amount equal to less than 0.04030 percent (\$1,431,189) of the taxable market value of all real property within the County (\$3,551,337,200).

The portion of the Bonds (\$6,145,000) to be issued pursuant to Minnesota Statutes, Chapters 103E and 475 (the “Ditch Bonds”) will be used to finance improvements and repairs to County Ditch 21, County Ditch 41 and Judicial County Ditches 202, 314, 414, and 514 (the “Ditch Projects”). All proceedings necessary to the undertaking and construction of the Ditch Projects, and the levy of special assessments against the property benefited thereby and the issuance of the Ditch Bonds have been duly and lawfully conducted pursuant to and in accordance with the provisions of Minnesota Statutes, Chapters 103E and 475.

Hereinafter, the Courthouse Project and the Ditch Projects are referred to collectively as the “Project,” and the Courthouse Bonds and the Ditch Bonds are referred to collectively as the “Bonds.”

- 1.02. Cost; Issuance of Bonds. The total cost of the Project, aggregating the costs of construction, engineering, legal and administrative fees and the costs incidental to the sale and issuance of the Bonds is at least \$7,515,000.

- 1.03. Sale. Pursuant to the Official Statement prepared on behalf of the County by Public Financial Management, Inc., as independent municipal advisors in connection with the sale of the Bonds, sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened, publicly read and considered and the purchase price, interest rates, and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is ascertained to be that of FTN Financial Capital Markets, in Memphis, Tennessee (the “Purchaser”) at a price of \$7,699,657.38. Such proposal is hereby accepted, and the sale of the Bonds is hereby awarded to Purchaser, and the Chair and County Auditor are hereby authorized to execute a contract for the sale of the Bonds with the Purchaser.
- 1.04. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the Board of Commissioners to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY

2.01. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of February 8, 2018, shall be of single maturities, shall mature on February 1 in the years and amounts stated below, and shall bear interest from the date of original issue until paid or duly called for redemption at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Courthouse Bonds</u>	<u>Ditch Bonds</u>	<u>Total</u>	<u>Rate</u>
2019	\$180,000	255,000	\$435,000	3.000%
2020	75,000	270,000	345,000	3.000
2021	80,000	280,000	360,000	3.000
2022	80,000	290,000	370,000	3.000
2023	85,000	300,000	385,000	3.000
2024	85,000	315,000	400,000	3.000
2025	90,000	320,000	410,000	3.000
2026	90,000	325,000	415,000	3.000
2027	95,000	335,000	430,000	3.000
2028	95,000	345,000	440,000	3.000
2029	100,000	355,000	455,000	3.000
2030	100,000	360,000	460,000	3.000
2031	105,000	375,000	480,000	3.000
2032	110,000	385,000	495,000	3.000
2033	0	405,000	405,000	3.000
2034	0	230,000	230,000	3.000
2035	0	240,000	240,000	3.050
2036	0	245,000	245,000	3.100

2037	0	255,000	255,000	3.150
2038	0	260,000	260,000	3.300

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.02. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.05, and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on each February 1 and August 1, commencing August 1, 2018, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.03. Redemption. Bonds maturing in 2027 and later years shall be subject to redemption and prepayment at the option of the County, in whole or in part, in such order of maturity dates as the County may select and by lot as selected by the Registrar, on February 1, 2026, and on any date thereafter, at a price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

The County Auditor shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty and not more than sixty days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered holders of any Bonds to be redeemed at their addresses as they appear on the register described in Section 2.06 hereof, provided that notice shall be given to any securities depository in accordance with its operational arrangements. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding. The Registrar shall enter in the bond register the amount and date of each prepayment.

2.04. Appointment of Initial Registrar. The County hereby appoints U.S. Bank National Association, St. Paul, Minnesota, as the initial bond registrar, transfer agent and paying agent (the "Registrar"). The Chair and County Auditor are authorized to execute and deliver, on behalf of the County, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The County agrees to pay the reasonable and

customary charges of the Registrar for the services performed. The County reserves the right to remove the Registrar upon not less than thirty days' notice and upon the appointment of and acceptance by a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

- 2.05. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the County Auditor and shall be executed on behalf of the County by the signatures of the Chair and the County Auditor, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the County Auditor shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.
- 2.06. Registration. The effect of registration and the rights and duties of the County and the Registrar with respect thereto shall be as follows:
- (a) *Register.* The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.
- (b) *Transfer of Bonds.* Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.
- (c) *Exchange of Bonds.* Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) *Cancellation.* All Bonds surrendered upon for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the County.

(e) *Improper or Unauthorized Transfer.* When any Bond is presented to the Registrar for transfer, the 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 Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) *Persons Deemed Owners.* The County and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes, and all payments made to any registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon Bond to the extent of the sum or sums so paid.

(g) *Taxes, Fees and Charges.* For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

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

(i) *Authenticating Agent.* The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) *Valid Obligations.* All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the County, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Form of Bonds. The Bonds shall be prepared in substantially the form set forth in EXHIBIT A.

2.08. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever, and neither the Registrar nor the County shall be affected by any notice to the contrary. Neither the Registrar nor the County shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC’s Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the County’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the County to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place

of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the County determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the County may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the County and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Chair or County Auditor, if not previously filed with DTC, is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

SECTION 3. CONSTRUCTION FUND

There is hereby established on the official books and records of the County a General Obligation Bonds, Series 2018 Construction Fund (the "Construction Fund"). Within the Construction Fund are established the following accounts:

- a) Ditch Construction Account. The Ditch Construction Account shall be credited with (i) \$6,141,000 from the proceeds of the Ditch Bonds, and (ii) all special assessments collected with respect to the Ditch Projects until all costs of the Ditch Projects have been fully paid. Every item of expense made for the Ditch Projects shall be deducted from the Ditch Construction Account to the extent paid from proceeds of the Ditch Bonds. The County Auditor shall maintain the Ditch Construction Account until payment of all costs and expenses incurred in connection with the construction of the Ditch Projects have been paid.
- b) Courthouse Construction Account. The Courthouse Construction Account shall be credited with \$1,400,000 from the proceeds of the Courthouse Bonds. Every item of expense made for the Courthouse Project shall be deducted from the Courthouse Construction Account to the extent paid from proceeds of the Courthouse Bonds. The County Auditor shall maintain the Courthouse Construction Account until payment of

all costs and expenses incurred in connection with the construction of the Courthouse Project have been paid.

All funds on hand in the Construction Fund when terminated shall be credited to the Bond Fund described in Section 4 hereof, unless and except as such proceeds may be transferred to some other fund or account as to which the County has received from bond counsel an opinion that such other transfer is permitted by applicable laws and does not impair the exemption of interest on the Bonds from federal income taxes. In no event shall monies remain on deposit in the Construction Fund after February 8, 2023.

SECTION 4. BOND FUND

So long as any of the Bonds are outstanding and any principal of or interest thereon unpaid, the County Auditor shall maintain a separate debt service fund on the official books and records of the County to be known as the General Obligation Bonds, Series 2018 Bond Fund (the Bond Fund), and the principal of and interest on the Bonds shall be payable from the Bond Fund.

There are hereby established two accounts in the Bond Fund, designated as the “Ditch Bonds Account” and the “Courthouse Bonds Account.”

Into the Ditch Bonds Account shall be paid (i) all funds received from the Purchaser upon delivery of the Ditch Bonds other than the amount deposited in the Construction Fund pursuant to Section 3 hereof; (ii) excess proceeds of the Ditch Bonds remaining after completion of the Ditch Projects as provided in Section 3; (iii) all special assessments levied and collected pursuant to Section 5 hereof, except as otherwise provided in Section 3 hereof; (iv) all taxes collected pursuant to Section 6 hereof; and (v) all other moneys as shall be appropriated by the Board of Commissioners to the Bond Fund from time to time.

Into the Courthouse Bonds Account shall be paid (i) all funds received from the Purchaser upon delivery of the Courthouse Bonds other than the amount deposited in the Construction Fund pursuant to Section 3 hereof; (ii) excess proceeds of the Courthouse Bonds remaining after completion of the Courthouse Project as provided in Section 3; (iii) all taxes collected pursuant to Section 6 hereof; and (iv) all other moneys as shall be appropriated by the Board of Commissioners to the Bond Fund from time to time.

If the balance in the Bond Fund is at any time insufficient to pay all interest and principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the County which is available for that purpose, subject to reimbursement from the Bond Fund when the balance therein is sufficient. The Board of Commissioners covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to take care of any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

SECTION 5. SPECIAL ASSESSMENTS

The County has heretofore done all acts and things necessary to be done prior to the construction of the Ditch Projects and has determined the benefits and damages resulting from the Ditch Projects to all property affected thereby. The County hereby covenants and agrees that, for the payment of the cost of the Ditch Projects, the County has done or will do and perform all acts and things necessary for the final and valid levy of special assessments in the approximate amount of \$[_____]. The principal of the special assessments shall be made payable in annual installments, with interest as established by this Board in accordance with law on installments thereof from time to time remaining unpaid, such that the collections of special assessments and interest thereon will be sufficient to pay the principal of and interest on the Ditch Bonds when due. In the event any special assessment shall at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the County or by this Board or by any of the officers or employees of the County, either in the making of such special assessment or in the performance of any condition precedent thereto, the County hereby covenants and agrees that it will forthwith do all such further things and take all such further proceedings as shall be required by law to make such special assessment a valid and binding lien upon said property.

SECTION 6. PLEDGE OF TAXING POWERS

For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the County shall be and are hereby irrevocably pledged. In order to produce aggregate amounts which, together with the collections of other amounts as set forth in Section 4, will produce amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Courthouse Bonds, ad valorem taxes are hereby levied on all taxable property in the County, the taxes to be levied and collected in the following years and amounts:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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See attached Levy Computation

The taxes shall be irrepealable as long as any of the Bonds are outstanding and unpaid, provided that the County reserves the right and power to reduce the tax levies in accordance with the provisions of Minnesota Statutes, Section 475.61.

SECTION 7. DEFEASANCE

When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the registered owners of the Bonds shall cease. The County may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The County 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 Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The County 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 bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal, interest and redemption premiums to become due thereon to maturity or earlier designated redemption date.

SECTION 8. TAX COVENANTS; ARBITRAGE MATTERS; REIMBURSEMENT AND CONTINUING DISCLOSURE

- 8.01. Covenant. The County covenants and agrees with the owners from time to time of the Bonds, that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest on the Bonds to become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the Code), and applicable Treasury Regulations (the Regulations), and covenants to take any and all affirmative actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. The County represents and covenants that the Project is and will be owned and maintained by the County as part of its publicly available infrastructure. The County has not and will not enter into any lease, management contract, operating agreement, flow agreement, use agreement or other contract relating to the use or operation of the Project which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.
- 8.02. Arbitrage Certification. The Chair and County Auditor being the officers of the County charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and the applicable Regulations.
- 8.03. Arbitrage Rebate. The County acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The County covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof.

- 8.04. Reimbursement. The County certifies that the proceeds of the Bonds will not be used by the County to reimburse itself for any expenditure with respect to the Project which the County paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the County shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that a declaration of official intent shall not be required (i) with respect to certain de minimis expenditures, if any, with respect to the Project meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to “preliminary expenditures” for the Project as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the “issue price” of the Bonds.
- 8.05. Qualified Tax-Exempt Obligations. The County Board hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) and are not excluded from this calculation by Section 265(b)(3)(C)(ii)(III) of the Code which have been and will be issued by the County and all subordinate entities during calendar year 2018 does not exceed \$10,000,000.
- 8.06. Continuing Disclosure.
- (a) *Purpose and Beneficiaries.* To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bond owner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance

reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) *Information To Be Disclosed.* The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

(1) on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2017, the following financial information and operating data in respect of the County (the Disclosure Information):

- (A) the audited financial statements of the County for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and
- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “Indebtedness” and “Property Valuations and Taxes,” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement

operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (G) modifications to rights of Bond holders, if material;
- (H) Bond calls, if material and tender offers;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
- (C) the termination of the obligations of the County under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the County.

(c) *Manner of Disclosure.*

(1) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).

(2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) *Term; Amendments; Interpretation.*

(1) The covenants of the County in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of

the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bond owners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 9. CERTIFICATION OF PROCEEDINGS

9.01. Registration. The County Auditor is hereby authorized and directed to file a certified copy of this resolution in the records of the County, together with such additional information as required, and to issue a certificate that the Bonds have been duly entered upon the County Auditor's bond register.

9.02. Certification of Records. The officers of the County are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the County relating to the Bonds and to the financial condition and affairs of the County, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds as they appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the County to the facts recited herein.

* * * * *

Groskreutz/Loveall motion carried unanimously to pay bills totaling \$ 704,825.46 as follows:

COUNTY REVENUE FUND	\$ 519,287.61
PUBLIC WORKS FUND	131,508.89
ECONOMIC DEVELOPMENT AUTH	500.00
SETTLEMENT AGENCY FUND	985.91
NON REV/DISB A	4,846.55
DITCH FUND	<u>47,696.50</u>
	\$ 704,825.46

* * * * *

The meeting was adjourned for January 2017.

Greg Young, Chair

John Thompson, Auditor/Treasurer/Coordinator