

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

HELD: May 14, 2020

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Princeton, Counties of Mille Lacs and Sherburne, Minnesota, was duly called and held at the City Hall on May 14, 2020, at 7:00 p.m., for the purpose, in part, of authorizing the issuance and awarding the sale of \$1,350,000 General Obligation Bonds, Series 2020A.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION 20-38

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,350,000 GENERAL OBLIGATION BONDS, SERIES 2020A, PLEDGING FOR THE SECURITY THEREOF TAX ABATEMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Princeton, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue a \$1,350,000 General Obligation Bonds, Series 2020A (the "Bonds" or individually a "Bond "), pursuant to Minnesota Statutes, Chapter 475 and Sections 469.1812 through 469.1815, particularly Section 469.1814, and Section 412.301, to finance the improvements of the City trail system (the "Improvement Project"), in the amount of \$689,000 (the "Tax Abatement Portion of the Bonds"); and to finance the acquisition of a fire truck (the "Equipment"), in the amount of \$661,000 (the "Equipment Portion of the Bonds"); and

B. WHEREAS, it is the intent of the City and the Town of Blue Hill and the Town of Spencer Brook and (the "Participating Towns") that the City will issue the Bonds to finance the cost of the acquisition of a fire truck; and

C. WHEREAS, in order for the Town of Blue Hill to pay its share of the debt service on the portion of the Bonds issued to finance the cost of the acquisition of a fire truck, it is proposed that the Town of Blue Hill issue its \$_____ General Obligation Certificate of Indebtedness, Series 2020A (the "Blue Hill Bond") as provided in and pursuant to a resolution of the Town of Blue Hill to be adopted by its Board of Supervisors prior to closing of the Bonds herein authorized; and

D. WHEREAS, in order for the Town of Spencer Brook to pay its share of the debt service on the portion of the Bonds issued to finance the cost of the acquisition of a fire truck, it is proposed that the Town of Spencer Brook issue its \$_____ General Obligation Certificate of Indebtedness, Series 2020A (the "Spencer Brook Bond", and together with the Blue

Hill Bond, the "Town Bonds") as provided in and pursuant to a resolution of the Town of Spencer Brook to be adopted by its Board of Supervisors prior to closing of the Bonds herein authorized; and

E. WHEREAS, on April 23, 2020, following duly published notice thereof, the Council held a public hearing on the proposed abatement to finance the Improvement Project and all persons who wished to speak or provide written information relative to the public hearing were afforded an opportunity to do so; and

F. WHEREAS, the City has heretofore established a tax abatement program (the "Program"), pursuant to the provisions of Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, with respect to providing for the abatement of property taxes for a period of up to fifteen (15) years on various properties in the City, as described in the Resolution adopted by the City Council on April 23, 2020, approving the Program (the "Abatement Resolution"); and

G. WHEREAS, the amount of the property taxes abated are estimated to be at least equal to the principal of the Tax Abatement Portion of the Bonds and pursuant to the provisions of the Abatement Resolution, Tax Abatement Portion of the Bonds proceeds are to be expended to provide money to pay for Improvement Project; and

H. WHEREAS, the Equipment to be financed by the Equipment Portion of the Bonds has an expected useful life at least as long as the term of the Equipment Portion of the Bonds; and

I. WHEREAS, the amount of the Equipment Portion of the Bonds does not exceed one-quarter of one percent (0.25%) of the estimated market value of the taxable property in the City (\$_____ times 0.25% is \$_____); and

J. WHEREAS, the City has retained Northland Securities, Inc., in Minneapolis, Minnesota ("Northland"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Northland; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Princeton, Minnesota, as follows:

1. Acceptance of Offer. The offer of _____, in _____, Minnesota, to purchase the Bonds and to pay therefor the sum of \$_____, all in accordance with the terms and at the rates of interest hereinafter set forth, is hereby accepted.

2. Original Issue Date; Denominations; Maturities; Interest. The Bonds shall be dated June 10, 2020, as the date of original issue, be issued forthwith on or after such date in fully registered form, be numbered R-1 in the denomination of \$_____, maturing on February 1, 2025 and bearing interest at __%, and R-2 in the denomination of \$_____, maturing on February 1, 2030 and bearing interest at __%. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment

Date"), commencing February 1, 2021, calculated on the basis of a 360-day year of twelve 30-day months.

3. Allocation. The Tax Abatement Portion of the Bonds, being the aggregate principal amount of \$689,000, maturing in each of the years and amounts hereinafter set forth, is issued to finance the Improvement Project. The Equipment Portion of the Bonds, being the aggregate principal amount of \$661,000, maturing in each of the years and amounts hereinafter set forth, is issued to finance the Equipment.

<u>Year</u>	<u>Tax Abatement Portion (Amount)</u>	<u>Equipment Portion (Amount)</u>	<u>Total Amount</u>
2025	\$689,000	\$277,000	\$966,000
2030	\$0	\$384,000	\$384,000

If the Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, including the levy of taxes, the prepayment may be allocated to any of the portions of debt service in such amounts as the City shall determine. If the source of the prepayment is Tax Abatements (hereinafter defined) for the Tax Abatement Portion of the Bonds, the prepayment shall be allocated to the Tax Abatement Portion of debt service.

4. Redemption. The Bond maturing on February 1, 2030, shall be subject to redemption and prepayment at the option of the City on February 1, 2027, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part without the consent of the Participating Towns of the Bonds subject to prepayment subject to all the terms and conditions of this section. Notwithstanding anything to the contrary herein, (a) the Bonds are subject to redemption in whole without the consent of the Participating Towns if such redemption is in connection with a refunding of the Bonds that results in debt service savings computed in accordance with Minnesota Statutes, Section 475.67, subd. 12 (whether the refunding is a current or advance refunding); (b) the Bonds are subject to redemption in whole with consent of the Participating Towns; (c) at the direction of each of the Participating Towns, the City shall redeem the Bonds in part in the outstanding principal amount of each of the respective Town Bonds; and (d) at the option of the City, the Bonds are subject to redemption in part in the outstanding principal amount of the City's proportionate share of the Bonds (such proportionate share being calculated as the original principal amount of the Bonds less the original principal amount of the Town Bonds, as a percentage of the original principal amount of the Bonds. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City (or, in the case of redemption in part at the direction of the Participating Towns); and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the

paying agent and to each affected registered holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Registrar duly executed by the holder thereof or his, her or its attorney duly authorized in writing) and the City shall execute (if necessary) and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same series having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

5. Purpose; Findings. The Tax Abatement Portion of the Bonds shall provide funds to finance the Improvement Project. Pursuant to the Abatement Resolution, the City's share of real estate taxes generated as a result of the Program (the "Tax Abatements") have been pledged to the payment of principal on the Bonds. The principal amount of the Tax Abatement Portion of the Bonds does not exceed the estimated amount of Tax Abatements, which shall not exceed \$689,000. The Equipment Portion of the Bonds shall provide funds to finance acquisition of the Equipment. The Improvement Project and the Equipment are herein referred to together as 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. Proceeds of the Bonds shall be expended on costs or uses permitted by Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, and shall not be expended on any costs or devoted to any other uses. The City 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.

6. Registrar. The Administrator of the City of Princeton, Minnesota, is appointed to act as registrar with respect to the Bonds (the "Registrar"), and shall do so unless and until a successor Registrar is duly appointed, all pursuant to any contract the City and Registrar shall execute which is consistent herewith. The Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holder (or record holder) of the Bonds in the manner set forth in the form of Bonds.

7. Form of Bond. The Bonds, together with the Certificate of Registration, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTIES OF MILLE LACS AND SHERBURNE
CITY OF PRINCETON

R-1

\$966,000

GENERAL OBLIGATION BOND, SERIES 2020A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
%	February 1, 2025	June 10, 2020

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: NINE HUNDRED SIXTY-SIX THOUSAND DOLLARS

THE CITY OF PRINCETON, COUNTIES OF MILLE LACS AND SHERBURNE, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or assigns, duly certified on the Certificate of Registration attached to and made a part of this Bond (the "Registered Owner"), in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2021, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. On the maturity date of this Bond, the principal of this Bond shall be paid only upon presentation and surrender of such Bond to the Finance Director of the City of Princeton, Minnesota (the "Registrar"). The principal of and premium, if any, and interest on this Bond is payable in lawful money of the United States of America.

Mandatory Redemption. This Bond shall be redeemed by lot on February 1 in the following years and principal amounts, without any premium plus accrued interest thereon to such redemption date (after any credits are made as provided below):

Mandatory Redemption Schedule

<u>Year</u>	<u>Principal Amount</u>
2022	\$234,000
2023	240,000
2024	244,000
2025 (maturity)	248,000

or, if less than such amount is then outstanding, an amount equal to the aggregate principal amount of the Bond then outstanding.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Bond shall not be a business day of the Issuer or of the Registered Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Transfer. This Bond is transferable, as provided in the Resolution, upon the Register kept by the Registrar upon surrender of this Bond together with a written instrument of transfer duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, and thereupon a new, fully registered Bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor (or the transfer shall be duly recorded on the Register and the Certificate of Registration hereof), upon the payment of charges and satisfaction of applicable conditions, if any, as therein prescribed; provided that such transfer may occur only with respect to the entire Bond and all of the remaining principal amount of the sole final maturity hereof. The Issuer may treat and consider the person in whose name this Bond is registered as the absolute Registered Owner hereof for the purpose of receiving payment of or on account of the principal of and interest on this Bond and for all other purposes whatsoever.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,350,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on May 14, 2020 (the "Resolution"), for the purpose of providing money to finance various projects within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Bonds, Series 2020A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Fees upon Transfer or Loss. The 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.

Treatment of Registered Owners. The 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 (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and the 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 unless the Certificate of Registration hereon shall have been executed by the Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED 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, has been done, has happened and has been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Princeton, Counties of Mille Lacs and Sherburne, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the manual or facsimile signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

June 10, 2020

CITY OF PRINCETON,
COUNTIES OF MILLE LACS AND
SHERBURNE, MINNESOTA

REGISTRABLE BY AND PAYABLE AT:

Finance Director
City of Princeton, Minnesota

Mayor

Administrator

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below:

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
June 10, 2020		

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTIES OF MILLE LACS AND SHERBURNE
CITY OF PRINCETON

R-2

\$384,000

GENERAL OBLIGATION BOND, SERIES 2020A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
%	February 1, 2030	June 10, 2020

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: THREE HUNDRED AND EIGHTY-FOUR THOUSAND DOLLARS

THE CITY OF PRINCETON, COUNTIES OF MILLE LACS AND SHERBURNE, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or assigns, duly certified on the Certificate of Registration attached to and made a part of this Bond (the "Registered Owner"), in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2021, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. On the maturity date of this Bond, the principal of this Bond shall be paid only upon presentation and surrender of such Bond to the Finance Director of the City of Princeton, Minnesota (the "Registrar"). The principal of and premium, if any, and interest on this Bond is payable in lawful money of the United States of America.

Optional Redemption. This Bond is subject to redemption and prepayment at the option of the Issuer on February 1, 2027, and on any date thereafter, in whole or in multiples of \$1,000, upon written notice to the Registered Owner, at the redemption price equal to par plus accrued interest to date of prepayment. If redemption is in part, the Issuer may select the specific principal installments hereof, or applicable portions thereof, to be prepaid.

Mandatory Redemption. This Bond shall be redeemed by lot on February 1 in the following years and principal amounts, without any premium plus accrued interest thereon to such redemption date (after any credits are made as provided below):

Mandatory Redemption Schedule

<u>Year</u>	<u>Principal Amount</u>
2026	\$73,000
2027	75,000
2028	77,000

2029	79,000
2030 (maturity)	80,000

or, if less than such amount is then outstanding, an amount equal to the aggregate principal amount of the Bond then outstanding.

The Issuer may, at its option to be exercised on or before the thirtieth day next preceding any date specified in the Mandatory Redemption Schedule above, shall (i) specify a principal amount of the Bond previously redeemed (otherwise than pursuant to the above Mandatory Redemption Schedule) or purchased and cancelled by the Registrar and not theretofore applied as a credit against any redemption of Bond pursuant to the above Mandatory Redemption Schedule, and (ii) apply the principal amount of the Bond so delivered or previously redeemed or purchased and cancelled for credit against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule and selected by the Issuer.

Prior to the date on which the Bond is directed by the Issuer to be optionally redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bond to be redeemed to be mailed to the Registered Owner, at the address shown on the Register. The Bond so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Bond shall not be a business day of the Issuer or of the Registered Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Transfer. This Bond is transferable, as provided in the Resolution, upon the Register kept by the Registrar upon surrender of this Bond together with a written instrument of transfer duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, and thereupon a new, fully registered Bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor (or the transfer shall be duly recorded on the Register and the Certificate of Registration hereof), upon the payment of charges and satisfaction of applicable conditions, if any, as therein prescribed; provided that such transfer may occur only with respect to the entire Bond and all of the remaining principal amount of the sole final maturity hereof. The Issuer may treat and consider the person in whose name this Bond is registered as the absolute Registered Owner hereof for the purpose of receiving payment of or on account of the principal of and interest on this Bond and for all other purposes whatsoever.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,350,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on May 14, 2020 (the "Resolution"), for the purpose of providing money to finance various projects within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Bonds, Series 2020A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest

when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Fees upon Transfer or Loss. The 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.

Treatment of Registered Owners. The 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 (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and the 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 unless the Certificate of Registration hereon shall have been executed by the Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED 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, has been done, has happened and has been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Princeton, Counties of Mille Lacs and Sherburne, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the manual or facsimile signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

June 10, 2020

CITY OF PRINCETON,
COUNTIES OF MILLE LACS AND
SHERBURNE, MINNESOTA

REGISTRABLE BY AND PAYABLE AT:

Finance Director
City of Princeton, Minnesota

Mayor

Administrator

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below:

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
June 10, 2020		

8. Execution and Authentication. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

10. Funds and Accounts. There is hereby established a special fund to be designated the "General Obligation Bonds, Series 2020A Fund" (the "Fund") to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until the Bonds and the interest thereon has been fully paid. There shall be maintained in the Fund the following separate accounts:

(a) Capital Account. To the Capital Account there shall be credited the proceeds of the sale of the Bonds and costs of issuance of the Bonds. From the Capital Account there shall be paid all costs and expenses of 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. Moneys in the Capital 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 Tax Abatements and taxes 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 Capital Account, the balance shall be transferred to the Debt Service Account.

(b) Debt Service Account. There shall be maintained two separate subaccounts in the Debt Service Account to be designated the "Improvement Debt Service Subaccount" and the "Equipment Debt Service Subaccount". There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

(i) Improvement Debt Service Subaccount. To the Improvement Debt Service Subaccount there is hereby irrevocably appropriated and pledged, and there shall be credited (A) available funds of the City in the amount of \$_____ which is sufficient to pay interest due on the Tax Abatement Portion of the Bonds on or before February 1, 2021; (B) Tax Abatements in an amount sufficient to pay the annual principal payments on the Tax Abatement Portion of the Bonds; (C) any collections of all taxes herein and hereafter levied for the payment of the interest on the Tax Abatement Portion of the Bonds; (D) a proportionate share of all funds remaining in the Capital Account after completion of the Project and payment of

the costs thereof; (E) all investment earnings on funds held in the Improvement Debt Service Subaccount; and (F) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Improvement Debt Service Subaccount. The Improvement Debt Service Subaccount shall be used solely to pay the principal and interest and any premiums for redemption of the Tax Abatement Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from the Improvement Debt Service Subaccount as provided by law.

- (ii) Equipment Debt Service Subaccount. To the Equipment Debt Service Subaccount there shall be credited: (A) available funds of the City in the amount of \$_____ which is sufficient to pay interest due on the Equipment Portion of the Bonds on or before February 1, 2021; (B) all taxes herein and hereafter levied for the payment of the Equipment Portion of the Bonds; (C) collections of principal and interest under the Town Bonds; (D) a pro rata share of all funds remaining in the Capital Account after completion of the Project and payment of the costs thereof; (E) all investment earnings on funds held in the Equipment Debt Service Subaccount; and (F) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Equipment Debt Service Subaccount. The Equipment Debt Service Subaccount shall be used solely to pay the principal and interest and any premiums for redemption of the Equipment Portion of the Bonds.

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 (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent 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 Capital Account or Debt Service Account (or any other City 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 regulations 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 the Fund 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 Internal Revenue Code of 1986, as amended (the "Code").

11. Covenants Relating to the Tax Abatement Portion of the Bonds.

(a) Tax Abatements; Use of Tax Abatements. The Council has adopted the Abatement Resolution and has thereby approved the Tax Abatements, including the pledge thereof to the payment of principal of the Tax Abatement Portion of the Bonds. As provided in the Abatement Resolution, the estimated total amount of Tax Abatements, if received as estimated for the full maximum term thereof, is \$255,000, and therefore the principal amount of

the Tax Abatement Portion of the Bonds does not exceed the maximum projected amount of the Tax Abatements. The Council hereby confirms the Abatement Resolution, which is hereby incorporated as though set forth herein:

(b) Tax Levy. To provide moneys for payment of the interest on the Tax Abatement Portion of the Bonds, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See attached Exhibit A

(c) Coverage Test. The tax levies are such that if collected in full they, together with estimated collections of Tax Abatements, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Tax Abatement Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Tax Abatement Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

12. Covenants Relating to the Equipment Portion of the Bonds.

(a) Tax Levy. To provide moneys for payment of the principal and interest on the Equipment Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Years of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See attached Exhibit A

(b) Coverage Test. The tax levies are such that if collected in full they, together with other revenues herein pledged for the payment of the Equipment Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Equipment Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Equipment Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

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

14. 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 City may discharge its obligations with respect to the Bonds which are due on any date by irrevocably depositing 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 a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to principal installments of the Bonds called for redemption on any date by depositing 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 City may also at any time discharge its obligations with respect to the 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. Notwithstanding anything to the contrary herein, the City shall defease the Bonds in part in accordance with the terms of this section upon prepayment of the Town Bonds, by the Participating Towns.

15. Concurring Resolution of the Participating Towns. The City expects that the Participating Towns will each adopt a resolution authorizing issuance of the Town Bonds and levying a tax for the payment thereof. The City shall take such action as it determines is necessary to assure that the covenants of the Participating Towns in the resolutions are fully and promptly performed; provided that in the exercise of any rights with respect thereto, the City shall be subject to the same standards and to the same rights applicable to the Participating Towns under the covenants as if the City were the Participating Towns.

16. Certificate of Registration. The Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Mille Lacs County and with the County Auditor of Sherburne County, Minnesota, together with such other information as each of the County Auditors shall require, and to obtain from each of the County Auditors a certificate that the Bonds have been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

17. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same 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 City as to the facts recited therein.

18. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States

Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the closing date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Bonds, and (ii) a de minimis amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within thirty days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its bond counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

19. Negative Covenant as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

20. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Bonds, and (c) the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceeds the small issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Bonds are issued by a governmental unit with general taxing powers;
- (b) no Bonds are private activity bonds;
- (c) ninety-five percent or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and
- (d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

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

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) 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 City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2020 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2020 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

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

22. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

23. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTIES OF MILLE LACS AND SHERBURNE
CITY OF PRINCETON

I, the undersigned, being the duly qualified and acting Clerk of the City of Princeton, Minnesota, do hereby certify that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to providing for the issuance and sale of \$1,350,000 General Obligation Bonds, Series 2020A.

WITNESS my hand on May 14, 2020.

Clerk

EXHIBIT A
SCHEDULES

[To be supplied by Northland]

