

**RESOLUTION NO. 17-11**

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY  
OF \$2,235,000 GENERAL OBLIGATION CERTIFICATES OF  
INDEBTEDNESS, SERIES 2017A**

BE IT RESOLVED, by the Board of Supervisors (the "Town Board") of the Town of Baldwin, Sherburne County, Minnesota (the "Issuer"), as follows:

**Section 1. Certificates Purpose, Authorization, and Award.**

1.01 Authority. Pursuant to authority contained in Minnesota Statutes, Section 366.095 and Chapter 475 (together, the "Act") the Issuer is authorized to issue its general obligations to provide funds for a town purpose otherwise authorized by law.

1.02 Findings. A. Pursuant to authority contained in the Act, the Issuer has determined that it is necessary, expedient and in the best interests of the residents of the Issuer to issue and sell its General Obligation Certificates of Indebtedness, Series 2017A, dated as of its date of delivery, in the original principal amount of \$2,235,000 (the "Certificates"), to finance including by not limited to, improvements to 136<sup>th</sup> Street, a community septic system in the Frontier Trails development, the purchase of capital equipment (the "Project") and to pay part of the issuance costs of the Certificates.

B. The Act requires that if the principal amount of the Certificates exceeds 0.25 percent of the estimated market value of the Issuer the Certificates cannot be issued for at least ten days after publication in the official newspaper of the Issuer's resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular Issuer election is filed with the Clerk-Treasurer, the Certificates shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

C. The Board has adopted a resolution entitled "Resolution Determining the Necessity to Issue \$2,235,000 General Obligation Certificates of Indebtedness, Series 2017A" (the "Intent Resolution") and authorized the Clerk-Treasurer to publish the Intent Resolution in the official newspaper of the Issuer.

D. The issuance of the Certificates will not cause the Issuer to exceed its debt limits.

1.03 Public Sale Exception. The Issuer elects to apply the exception to the public sale requirement contained in Minnesota Statutes, Section 475.60, Subdivision 2(1).

1.04 Award of Sale. The Issuer has received a proposal for a loan to be evidenced by the Certificates from The Bank of Elk River, located in Elk River, Minnesota (the "Lender"), in the amount of \$2,235,000, plus accrued interest to the date of delivery of the Certificates, upon the condition that the Certificates matures and bears interest at the times and rate set forth in

Section 2. The Issuer, after due consideration, finds such offer reasonable and proper and the offer of the Lender is accepted. All actions of the Chair and Clerk-Treasurer taken with regard to the sale of the Certificates are ratified and approved.

Section 2. Terms of the Certificates.

2.01 Date, Maturities and Interest Rates. A. The Certificates shall be dated the date of its closing and delivery as the date of original issue, shall be issued in the denomination of \$1,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Certificates shall bear interest at the annual rates indicated below and shall mature on February 1 in the following respective years and amounts:

Year	Amount
2022	\$95,000
2027	\$2,140,000

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

2.02 Prepayment. A. The Certificates are prepayable in whole or in part at any time without notice at a price of par plus accrued interest to the prepayment date.

B. In the event any of the Certificates are called for redemption, notice thereof identifying the Certificates to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice of redemption in the manner provided by Minnesota Statutes, Chapter 475. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Certificates. Certificates so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

C. If less than all the Certificates of a maturity are called for redemption, the Registrar designated below will determine by lot the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

D. The Certificates maturing on February 1 in the years 2022 and 2027 shall be subject to mandatory redemption prior to maturity pursuant to the requirements of this Section 2.02 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar, as designated below, shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts:

For Certificates maturing on February 1, 2022:

Year	Amount
2019	\$20,000
2020	\$25,000
2021	\$25,000
2022	\$25,000

For Certificates maturing on February 1, 2027:

Year	Amount
2019	\$235,000
2020	\$235,000
2021	\$235,000
2022	\$235,000
2023	\$240,000
2024	\$240,000
2025	\$240,000
2026	\$240,000
2027	\$240,000

2.03 Interest Payment Dates. A. The interest shall be payable semi-annually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date"), commencing on August 1, 2018. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

B. The Registrar designated below shall make all interest payments with respect to the Certificates by check or draft mailed to the registered owner of the Certificates shown on the Certificates registration records maintained by the Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such Certificates registration records.

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

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

2.04 Registrar. The Issuer hereby appoints the Clerk-Treasurer, as registrar, authenticating agent, paying agent and transfer agent for the Certificates (the "Registrar"). The Issuer reserves the right to name a substitute, successor Registrar upon giving prompt written notice to each registered Certificate holder.

2.05 Registered Owner. The Certificates shall be registered in the name of the Lender.

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

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

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

2.08 Delivery. Delivery of the Certificates and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Lender. Typewritten and executed Certificates shall be furnished by the Issuer without cost to the Lender. The Certificates, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the Clerk-Treasurer to the Lender upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Certificate.

3.01 The Certificates shall be typewritten in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF SHERBURNE

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

TOWN OF BALDWIN  
GENERAL OBLIGATION CERTIFICATES OF INDEBTEDNESS,  
SERIES 2017A



pay part of the issuance costs of the Certificate. The Issuer has levied a direct, annual ad valorem tax upon all taxable property within the Issuer which shall be extended upon the tax rolls for the years and in the amounts sufficient to produce sums not less than five percent in excess of the amounts of principal and interest on this Certificate, as such principal and interest respectively come due.

**Prepayment.** The Certificates are prepayable in whole or in part at any time without notice at a price of par plus accrued interest to the prepayment date.

**Mandatory Redemption.** The Certificates maturing in the years 2022 and 2027 shall be subject to mandatory redemption prior to maturity pursuant to the requirements of the Resolution at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium.

**Exchange.** The Issuer will, at the request of the registered owner, issue one new fully registered note in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, of like tenor except as to number and principal amount. This Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the Issuer shall execute and the Registrar shall authenticate, if required by law or the Resolution, and deliver, in exchange for this Bond, one new fully registered bond in the name of the transferee, in an aggregate principal amount equal to the unpaid principal amount of this Bond, of the same maturity, and bearing interest at the same rate. No service charge shall be made for any transfer or exchange hereinbefore referred to, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

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

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

IN WITNESS WHEREOF, the Town of Baldwin, Sherburne County, Minnesota, by its governing body, has caused this Certificate to be executed in its name by the manual signature of the Chair and attested by the manual signature of the Clerk-Treasurer as of the date of original issue set forth above.

ATTEST:

(form no signature)  
Clerk-Treasurer

(form no signature)  
Chair

REGISTRATION CERTIFICATE

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

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Clerk-Treasurer</u>
8/___/2017	The Bank of Elk River 630 Main Street Elk River, MN 55330 Federal Taxpayer I.D. No. 41-0138420	<u>(form-no signature required)</u>

ASSIGNMENT

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

(Name and Address of Assignee)

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

the within Certificate and all rights thereunder and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the said Certificate on the books kept for registration thereof with full power of substitution in the premises.

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

---

---

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

Signature Guaranteed:

---

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

THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF FOR VALUE, OR TRANSFERRED, WITHOUT (i) AN OPINION OF COUNSEL THAT SUCH SALE, DISPOSITION OR TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED AND UNDER APPLICABLE STATE SECURITIES LAWS, OR (ii) SUCH REGISTRATION. THE TRANSFERABILITY OF THIS INSTRUMENT IS SUBJECT TO RESTRICTIONS REQUIRED BY (1) FEDERAL AND STATE SECURITIES LAWS GOVERNING UNREGISTERED SECURITIES; AND (2) THE RULES, REGULATIONS, AND INTERPRETATIONS OF THE GOVERNMENTAL AGENCIES ADMINISTERING SUCH LAWS. THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER CHAPTER 80A OF MINNESOTA STATUTES OR OTHER APPLICABLE STATE BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION OR OPERATION OF LAW.

Section 4. Covenants, Funds and Tax Levies.

4.01 The Fund. There is created a special fund to be designated the "2017A General Obligation Certificates of Indebtedness Fund" (the "Fund") to be administered and maintained by the Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer. The Fund shall be maintained in the manner herein specified until the principal amount of the Certificates and the interest thereon has been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the "Project Fund" and "Debt Service Fund," respectively;

A. *Project Fund.* On receipt of the purchase price of the Certificates, the Issuer shall credit proceeds from the sale of the Certificates, less Capitalize Interest, (the "Capitalized Interest") less any amounts authorized as additional interest under Section 475.56 of the Act (the "Additional Interest"), and less any accrued interest paid by the Lender upon closing and delivery of the Certificates (the "Accrued Interest") to the Project Fund. The monies in such fund, along with other monies of the Issuer available therefor, shall be used to pay the costs of the Project. Other costs for which payment from Project Fund is authorized shall include costs of legal, financial advisory, and other professional services, printing and publication costs and costs of issuance of the Certificates.

B. *Debt Service Fund.* The Issuer irrevocably appropriates to the Debt Service Fund to pay principal and interest due on the Certificates: (a) Capitalized Interest; (b) Accrued Interest; (c) Additional Interest; (d) all taxes levied and collected in accordance with this Resolution, and (e) all other moneys as shall be appropriated by the Town Board to the Debt Service Fund from time to time. The money in the Debt Service Fund shall be used for no purpose other than the payment of principal and interest on the Certificates; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Fund, the payment shall be made from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Fund when the balance therein is sufficient.

4.02 Tax Levy. A. For the prompt and full payment of the principal and interest on the Certificates when due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. There is levied a direct annual ad valorem tax upon all taxable property in the Issuer which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the Issuer. Said levies are for the years and in the amounts set forth below:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2017	2018	\$337,904
2018	2019	\$335,174
2019	2020	\$327,049
2020	2021	\$318,925
2021	2022	\$289,800
2022	2023	\$282,240
2023	2024	\$274,680
2024	2025	\$267,120
2025	2026	\$259,560

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

C. The tax levies shall be irrevocable so long as the Certificates is outstanding and unpaid; provided, however, that on November 30 of each year, while any Certificates issued hereunder remains outstanding, the Town Board shall reduce or cancel the above levies to the extent of funds available in the Debt Service Fund to pay principal and interest due during the

ensuing year, and shall direct the County Auditor to reduce the levy for such calendar year by that amount.

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

Section 5. Tax Covenants.

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

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

- (i) the Issuer is a governmental unit with general taxing powers;
- (ii) the Certificates are not a "private activity bond" as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code");
- (iii) 95% or more of the net proceeds of the Certificates are to be used for local governmental activities of the Issuer; and
- (iv) the aggregate face amount of the tax exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Certificates is issued is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

C. In order to qualify the Certificates as a "qualified tax exempt obligation" within the meaning of Section 265(b)(3) of the Code, the Issuer makes the following factual statements and representations:

- (i) the Certificates are not a "private activity bond" as defined in Section 141 of the Code;
- (ii) the Issuer designates the Certificates as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;

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

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

#### Section 6. Miscellaneous.

6.01 Filing with County Auditor. The Clerk-Treasurer is directed to file with the County Auditor a certified copy of this Resolution and such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Certificates herein authorized has been duly entered on the County Auditor's register and the levy of the taxes herein pledged has been made.

6.02 Certified Proceedings. The officers of the Issuer are authorized and directed to prepare and furnish to the Lender of the Certificates and to bond counsel certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Certificates and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Certificates as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

6.03 Disclosure. No official statement or prospectus has been prepared or circulated by the Issuer in connection with the sale of the Certificates and the Lender has made its own investigation concerning the Issuer as set forth in an investment letter dated the date of closing.

6.04 Absent or Disabled Officers. In the event of the absence or disability of the Chair or Clerk-Treasurer, such officers or members of the Town Board as in the opinion of the Issuer's attorney may act in their behalf shall, without further act or authorization, execute and deliver the Certificates, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

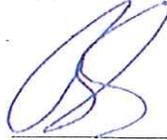
Section 7. Loan Agreement. The proceeds of the Certificates will be advanced to the Issuer in accordance with the terms of this Resolution and with a Loan Agreement between the Issuer, and the Lender (the "Loan Agreement"). The Chair and Clerk-Treasurer of the Issuer are hereby authorized and directed to execute the Loan Agreement substantially in the form currently on file in the office of the Issuer.

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

*(remainder of this page left blank intentionally)*

Adopted: August 7, 2017

Approved:



Chair

Attest:

Cathy Stevens  
Clerk-Treasurer