

**RESOLUTION NO. 2021-03**

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY  
OF A \$362,000 GENERAL OBLIGATION SEWER REVENUE  
REFUNDING NOTE, SERIES 2021A**

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

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

1.01   Refunded Notes; Projects.     Pursuant to the authority granted in Minnesota Statutes, Chapters 444.075 and 475, the Issuer has previously issued its \$442,000 General Obligation Sewer Revenue Bonds, Series 2005 including Bond R-1 and Bond R-2 of which an aggregate amount of \$346,500 in principal is outstanding (the "Refunded Bonds"). The Refunded Bonds were issued to finance the construction of improvements to the Issuer's sewer system (the "Project").

1.02   Authority for Refunding. Under and pursuant to the provisions of Minnesota Statutes, Section 475.67, Subdivisions 1 through 12, the Issuer is authorized to issue and sell its general obligation bonds to refund the Refunded Bonds before its due dates if consistent with covenants made with the holders thereof, when determined by the Issuer to be necessary or desirable for the reduction of debt service costs to the Issuer or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.03   Findings.   A. It is necessary and desirable that, in order to reduce debt service costs, the Issuer issue its \$362,000 General Obligation Sewer Revenue Refunding Note, Series 2021A (the "Bond") to redeem and prepay on March 1, 2021 (the "Redemption Date") the outstanding principal and interest on the Refunded Bonds. The Refunded Bonds are payable from net revenues to be derived from operation of the Issuer's sewer system (the "Utility").

B.     All proceedings required by the laws of the State of Minnesota in conjunction with undertaking and constructing the Project have been completed; all determinations required by the laws of the State of Minnesota in conjunction with undertaking and constructing the Project have been made; the benefits and damages to each tract of property affected by the Project have been determined; the final costs of the Project have been determined; and all liens and assessments necessary to pay the costs of the Project (including payment of debt service on the Refunded Bonds and any other bonds issued for the Project) have been filed or levied, as the case may be, in accordance with the laws of the State of Minnesota. Construction of the Project is complete and the proceeds of the Refunded Bonds are fully expended to pay the capital costs of the Project and the costs of issuing the Refunded Bonds.

C.     No appeals have been taken from any order of the Issuer respecting the Project which have not been resolved or terminated.

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

1.05 Sale. A. Pursuant to Section 475.60, Subdivision 2(9) of the Act, which waives the requirement for a public sale of Note when a municipality has retained an independent financial advisor, the Issuer has received an offer from First Southeast Bank in Harmony, Minnesota (the “Lender”), to purchase the Note at a cash price of par and upon condition that the Note matures and bears interest at the times and annual rate set forth in Section 2. The Issuer, after due consideration, finds such offer reasonable and proper and the offer of the Lender is hereby accepted. All actions of the Mayor and the Clerk-Treasurer, taken with regard to the sale of the Note are hereby ratified and approved.

Section 2. Terms of the Note.

2.01 Interest Rate and Principal Maturities.

A. The Note shall be dated the date of its closing and delivery as the date of original issue, shall be issued in the denomination equal to the principal amount thereof, shall be issued in fully registered form and lettered and numbered R-1. The Note shall bear interest at the annual rate of 2.20 percent and shall mature on the dates and in the installment amounts shown below.

<b>Date</b>	<b>Principal</b>
1/1/2022	\$13,000
1/1/2023	\$12,000
1/1/2024	\$12,000
1/1/2025	\$12,000
1/1/2026	\$12,000
1/1/2027	\$13,000
1/1/2028	\$13,000
1/1/2029	\$13,000
1/1/2030	\$14,000
1/1/2031	\$14,000
1/1/2032	\$14,000
1/1/2033	\$15,000
1/1/2034	\$15,000
1/1/2035	\$16,000
1/1/2036	\$16,000
1/1/2037	\$16,000
1/1/2038	\$16,000
1/1/2039	\$17,000
1/1/2040	\$17,000
1/1/2041	\$18,000
1/1/2042	\$18,000
1/1/2043	\$18,000

1/1/2044	\$19,000
1/1/2045	\$19,000

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

## 2.02 Interest Payment Dates; Record Date.

A. The Note shall bear interest at the annual rate stated therefor in Section 2.01. The interest shall be payable annually on January 1 in each year (each referred to herein as an "Interest Payment Date") commencing on January 1, 2022. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

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

2.03 Prepayment. The Note is prepayable in whole or in part on any date on or after February 1, 2030, without notice at a price of par plus accrued interest to the prepayment date; plus a \$200 processing fee for any partial payment.

2.04 Preparation and Execution. A. The Note shall be prepared for execution in accordance with the approved form and shall be signed by the manual signature of the Mayor and attested by the manual signature of the Clerk-Treasurer. The corporate seal of the Issuer may be omitted from the Note as permitted by law. In case any officer whose signature shall appear on the Note shall cease to be an officer before delivery of the Note, 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 Note.

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

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

2.07 Note 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 Note and the registration of transfers of the Note 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 Note registration records shall be maintained at the office of the successor Registrar as may be appointed by the Issuer.

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

2.09 Delivery. Delivery of the Note and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Lender. A typewritten and executed Note shall be furnished by the Issuer without cost to the Lender. The Note, 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 Note.

3.01 The Note shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
FILLMORE COUNTY

R-1

\$362,000

CITY OF CANTON  
GENERAL OBLIGATION SEWER REVENUE REFUNDING  
NOTE, SERIES 2021A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.20%	January 1, 2045	_____, 2021

REGISTERED OWNER: FIRST SOUTHEAST BANK

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY-TWO THOUSAND DOLLARS

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

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

The principal amount of this Note shall mature on the dates and in the installment amounts shown below:

<b>Date</b>	<b>Principal</b>
1/1/2022	\$13,000
1/1/2023	\$12,000
1/1/2024	\$12,000
1/1/2025	\$12,000
1/1/2026	\$12,000
1/1/2027	\$13,000
1/1/2028	\$13,000
1/1/2029	\$13,000
1/1/2030	\$14,000
1/1/2031	\$14,000
1/1/2032	\$14,000
1/1/2033	\$15,000
1/1/2034	\$15,000
1/1/2035	\$16,000
1/1/2036	\$16,000
1/1/2037	\$16,000
1/1/2038	\$16,000
1/1/2039	\$17,000
1/1/2040	\$17,000
1/1/2041	\$18,000
1/1/2042	\$18,000
1/1/2043	\$18,000
1/1/2044	\$19,000
1/1/2045	\$19,000

Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of the Clerk-Treasurer, as registrar, authenticating agent, paying agent and transfer agent (the “Registrar”), or at the office of such successor Registrar as may be designated by the governing body of the Issuer. The Registrar shall make all payments with respect to this Note directly to the registered owner hereof shown on the bond registration records maintained on behalf of the Issuer by the Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owners’ addresses shown

on said bond registration records, without, except for final payment of principal of this Note, the presentation or surrender of this Note, and all such payments shall discharge the obligation of the Issuer to the extent of the payments so made. The final payment of principal of this Note shall be made upon presentation and surrender of this Note to the Registrar when due.

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

This Note comprises the entire amount of this series issued by the Issuer as one fully registered bond without coupons, in the aggregate amount \$362,000, pursuant to the authority contained in Minnesota Statutes, Section 475.67, Subdivisions 1 through 12, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on February 10, 2021 (the “Resolution”), for the purpose of refunding certain outstanding obligations of the Issuer. Principal of and interest on this Note is payable primarily from revenues to be derived from the operation of the Issuer’s municipal sewer system as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

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

This Note is prepayable in whole or in part on any date on or after February 1, 2030, without notice at a price of par plus accrued interest to the prepayment date; plus a \$200 processing fee for any partial payment.

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 Note, of like tenor except as to number and principal amount. This Note is transferable by the registered owner hereof upon surrender of this Note 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 Note, one new fully registered note in the name of the transferee, in an aggregate principal amount equal to the unpaid principal amount of this Note, 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.

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 Note, 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 Note does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Canton, Fillmore County, Minnesota, by its governing body, has caused this Note to be executed in its name by the signature of the Mayor and attested by the signature of the Clerk-Treasurer.

ATTEST:

(form no signature required)  
Clerk-Treasurer

(form no signature required)  
Mayor

### REGISTRATION CERTIFICATE

This Note 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 Note 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 Note 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>
03/____/2021	First Southeast Bank 3 Main Ave N P.O. Box 429 Harmony, MN 55939 Federal Tax I.D. No.: 41-0300300	<u>(form no signature)</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 Note and all rights thereunder and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the said Note 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 Note 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 4.01. Covenants, Funds, Accounts.

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

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

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

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

4.02 A. The Fund. There is created a special fund to be designated the "2021A General Obligation Sewer Revenue Refunding Note Fund" (the "Fund") to be administered and maintained by the Issuer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Note and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the "Refunding Account" and the "Debt Service Account," respectively:

B. Refunding Account.

(1) On receipt of the purchase price of the Note, the Issuer shall credit to the Refunding Account proceeds from the sale of the Note less (a) amounts allocated to accrued interest paid by the Lender upon closing and delivery of the Note (the "Accrued Interest") and (b) amounts used to pay part of the interest cost of the issue as allowed by Minnesota Statutes, Section 475.56 (the "Additional Interest"). All funds on deposit in the debt service account created by the resolution authorizing the sale and issuance of the Refunded Bonds (the "Prior Resolution") shall be transferred to the Refunding Account (the "Prior Debt Service Account").

(2) From the Refunding Account there shall be paid the amount necessary to pay the Refunded Bonds in full on the Redemption Date and pay all costs and expenses of issuing the Note including, but not limited to, costs of legal, financial advisory, and other professional services, printing and publication costs; and the monies in said account shall be used for no other purpose except as otherwise provided by law. Upon payment of the Refunded Bonds in full, all monies remaining in the Refunding Account shall be transferred to the Debt Service Account.

C. Debt Service Account.

(1) There is pledged and appropriated and there shall be credited to the Debt Service Account: (i) the Accrued Interest, if any; (ii) the Additional Interest; (iii) all funds remaining in the Refunding Account after redemption of the Refunded Bonds on the Redemption Date; (iv) Net Revenues in an amount sufficient to pay the principal of and interest on the Note when due; (v) the Issuer's funds in an amount necessary to provide the coverage specified in Minnesota Statutes, Section 475.61 and any and all other monies which are properly available and are appropriated by the governing body of the Issuer to the Debt Service Account; and (vi) investment earnings on the monies identified in the foregoing clauses (i) through (v). The proceeds of the Note described in clauses (i) and (ii) of the preceding sentence shall be used for payment of interest on the Note to the extent not required to meet the financial obligations payable from the Refunding Account.

(2) Immediately prior to each Interest Payment Date, the Clerk-Treasurer shall transfer to the Debt Service Account amounts of Net Revenues which are sufficient, along with any Net Revenues then on deposit in the Debt Service Account, for the payment of all interest and principal then due on the Note.

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

D. Prior Capital Accounts. Any capital accounts created by the Prior Resolution are terminated and any monies remaining therein shall be transferred to the respective debt service account established in the Prior Resolution.

E. Prior Debt Service Accounts. Upon redemption of the Refunded Bonds on the Redemption Date, the Prior Debt Service Account shall be terminated, and all monies remaining therein not required to refund the Refunded Bonds shall be transferred to the Debt Service Account. Any ad valorem taxes levied under the Prior Resolution and collected after the Redemption Date shall be deposited in the Debt Service Account.

F. Investments. Monies on deposit in the Refunding Account and in the Debt Service Account may, at the discretion of the Issuer, 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 the principal and interest on the Note when due.

4.03 Levies Cancelled. It is determined that, upon the receipt of the proceeds of the Note as described in Section 4.02 (the "Proceeds") for payment of the Refunded Bonds, an irrevocable appropriation to the Prior Debt Service Account shall have been made within the meaning of Section 475.61, Subdivision 3 of the Act, and the Clerk-Treasurer is authorized and directed to certify such fact to and request the County Auditor to cancel any and all tax levies made by the Prior Resolution, except for the levy of taxes payable in 2021 which shall be deposited in the Debt Service Account.

#### 4.04 No Tax Levy.

A. It is determined that the estimated net revenues of the Utility pledged for payment of principal and interest on the Note will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Note and that no tax levy is needed at this time.

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

### Section 5. Refunding; Findings; Redemption of Refunded Bonds.

5.01 Findings. It is found and determined that based upon information presently available from the Issuer's financial advisors, the issuance of the Note is consistent with covenants in the Prior Resolution and is necessary and desirable for the reduction of debt service costs to the Issuer and for the adjustment of the maturities in relation to the resources available for their payment.

5.02 Notice of Call for Redemption. The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached hereto as **Exhibit A**, which terms and conditions are approved and incorporated herein by reference. The Clerk-Treasurer or designee is authorized and directed to immediately send written notice of call to the registered owners and paying agent of the Refunded Bonds, and to publish notice if required by law or the Prior Resolution.

5.03 Release of Covenants. When the principal of the Refunded Bonds and all interest thereon has been discharged as provided in this Section and Section 4, all pledges, covenants and other rights granted by this Resolution to the holders of the Refunded Bonds shall cease, except that the pledge of the full faith and credit of the Issuer for the prompt and full payment of the principal and interest on the Refunded Bonds shall remain in full force and effect. The Issuer may discharge all 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. 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 to the Redemption Date.

#### Section 6. Tax Covenants.

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

B. The Project is fully completed. The proceeds of the Refunded Bonds have been totally expended to pay the capital costs of the Project and issuance costs of the Refunded Bonds.

C. For purposes of qualifying for the 6-month spending exceptions to the federal arbitrage rebate requirement set forth in Section 148(f)(4)(B) of the Code, the Issuer hereby finds, determines and declares that the proceeds of the Refunded Bonds have been totally expended for the governmental purposes for which the Refunded Bonds were issued. Within six months of the date of issue of the Bonds, the gross proceeds of the Bonds will be totally expended for the purpose of refunding the outstanding principal amount of the Refunded Bonds and interest thereon and paying costs of issuance of the Bonds; therefore, no rebate of arbitrage profit is required under the Code.

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

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

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

(iii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year in which the Note 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 Note is being issued have been designated for purposes of Section 265(b)(3) of the Code.

Section 7. Certificate of Proceedings; Miscellaneous.

7.01 The Clerk-Treasurer or the designee 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 Note herein authorized has been duly entered on the County Auditor’s register.

7.02 The officers of the Issuer are authorized and directed to prepare and furnish to the Lender of the Note and to bond counsel for the Note certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Note and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Note 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.

7.03 In the event of the absence or disability of the Mayor or the Clerk-Treasurer, such officers or members of the Issuer as in the opinion of the Issuer’s attorney may act in their behalf shall, without further act or authorization, execute and deliver the Note, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

7.04 Offering Materials. The Mayor and Clerk-Treasurer are hereby authorized and directed to certify that they have examined the Offering Circular prepared and circulated in connection with the issuance and sale of the Note and that to the best of their knowledge and belief the Offering Circular is a complete and accurate representation of the facts and representations made therein as of the date of the Offering Circular.

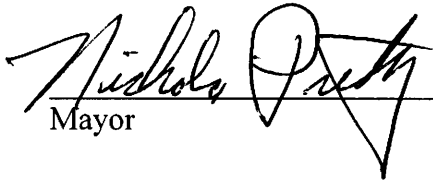
Section 8. Loan Agreement. The proceeds of the Note will be advanced to the Issuer in accordance with the terms of this Resolution and with a Loan Agreement between the Issuer,

and the Lender (the "Loan Agreement"). The Mayor and 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.

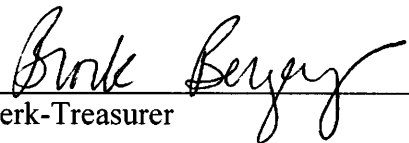
Section 9. Post-Issuance Compliance Policy and Procedures. The Issuer has previously approved a Pre- and Post-Issuance Compliance Policy and Procedures which applies to qualifying obligations to provide for compliance with all applicable federal regulations for tax-exempt obligations or tax-advantaged obligations (collectively, the "Policy and Procedures"). The Issuer hereby ratifies the Policy and Procedures for the Bond. The 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: February 10, 2021.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Clerk-Treasurer

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**EXHIBIT A**

**TO: United States Department of Agriculture**

**FROM: City of Canton, Minnesota (R-1 Bond & R-2 Bond)**

**RE: Notice of Call for Redemption  
\$442,000 General Obligation Sewer Revenue, Series 2005  
of the City of Canton, Minnesota**

NOTICE IS GIVEN that, by order of the City of Canton, Minnesota (the "Issuer"), there have been called for redemption and prepayment on *March 1, 2021* (the "Redemption Date"), all outstanding bonds of the Issuer designated above, with an aggregate of \$346,500 in outstanding principal amount.

The Bond being called for redemption is being called at a price of par plus accrued interest to the Redemption Date on which date all interest on the 2005 Bonds will cease to accrue. Upon receipt of payment from the Issuer, please return the original Bonds, marked "Paid" or "Cancelled" to the Clerk-Treasurer of the City of Canton, Minnesota, at the following address:

City of Canton, Minnesota  
106 N. Main St.  
Canton, MN 55922

BY ORDER OF THE CITY COUNCIL OF THE  
CITY OF CANTON, MINNESOTA