

RESOLUTION 2008-18

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF A \$130,000 GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2008, OF THE CITY OF GRANT, MINNESOTA; ESTABLISHING THE TERMS AND CONDITIONS THEREFOR; CREATING A CONSTRUCTION FUND AND A DEBT SERVICE FUND THEREFOR; AND AWARDING THE SALE THEREOF

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

Section 1. Bond Purpose, Authorization, and Award.

1.01 Authority. Pursuant to authority contained in Minnesota Statutes, Chapters 429 and 475, the City Council does hereby direct the issuance and sale of General Obligation Improvement Bond, Series 2008 of the Issuer in the aggregate principal amount not to exceed \$130,000 (the "Bond"), for the purpose of financing Jasmine Avenue street improvements (the "Project") which are to be paid for by special assessments levied or to be levied upon benefited property (the "Special Assessments"), for payment of part of the interest cost of the Bond and for payment of part of the issuance costs of the Bond. The principal of and interest on the Bond shall be paid primarily from the Special Assessments. The Project is hereby ordered as required by Minnesota Statutes, Section 429.091, Subdivision 1.

1.02 Independent Financial Advisor. The Issuer has retained the services of Ehlers, Inc. as its independent financial advisor.

1.03 Award of Sale. Pursuant to Section 475.60, Subdivision 2(9) of the Act, which waives the requirement for a public sale of bonds when an issuer has retained an independent financial advisor, the Issuer has received an offer from Wells Fargo Brokerage Services, LLC, with an office in Minneapolis, Minnesota (the "Purchaser"), to purchase the Bond at a cash price of not to exceed \$130,000 upon condition that the Bond is payable 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 Purchaser is hereby accepted. All actions of the Mayor and the Clerk taken with regard to the sale of the Bond are hereby ratified and approved.

Section 2. Terms of the Bond.

2.01 Date, Payments and Maturity.

A. The Bond shall be designated the \$130,000 General Obligation Improvement Bond, Series 2008, 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 Bond shall bear interest at the annual rate of 5.05 percent and shall be payable in semiannual installments of amortized principal and interest, on the Payment Dates forth below.

B. Payments shall be applied first to interest due through the stated maturity date set forth above on the unpaid balance of the Bond and thereafter to reduction of principal. Delinquent payments, if any, shall be applied by the registered holder in the following sequence: (1) billed delinquent interest, (2) past-due interest installments, (3) past-due principal installments, (4) interest installments due and (5) principal installments due.

2.02 Prepayment. The Certificate is prepayable on any Payment Date in full, but not in part, at a price of par plus accrued interest to the prepayment date.

2.03 Payment Dates.

A. Principal of and interest on the Bond are payable semiannually on February 1 and August 1 in each year (each referred to herein as a "Payment Date") commencing on August 1, 2009. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

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

2.04 Preparation and Execution.

A. The Bond 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. The corporate seal of the City may be omitted from the Bond as permitted by law. In case any officer whose signature shall appear on the Bond shall cease to be an officer before delivery of the Bond, 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 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 Bond.

2.05 Appointment and Duties of Bond Registrar. The City Council hereby appoints the Clerk as registrar, authenticating agent, paying agent and transfer agent for the Bond (such bank or its successors is herein referred to as the "Bond Registrar"). The Issuer reserves the right to name a substitute, successor Bond Registrar upon giving prompt written notice to each registered Bond holder.

2.06 Registered Owner. The Bond shall be registered in the name of the Purchaser.

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

shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council.

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

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

Section 3. Form of the Bond.

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF WASHINGTON

R-1

\$130,000

CITY OF GRANT
GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2008

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
5.05%	February 1, 2019	November 25, 2008

REGISTERED OWNER: WELLS FARGO BROKERAGE SERVICES, LLC

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY THOUSAND DOLLARS

The City of Grant, Washington 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 the principal amount hereof outstanding from time to time to the registered owner hereof from date of original issue set forth above, or from the most recent 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.

Principal hereof and interest are payable in semi-annual installments of \$_____ on February 1 and August 1 of each year (each referred to herein as a "Payment Date") commencing on August 1, 2009.

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, as Bond registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar"), or at the office of such successor Bond Registrar as may be designated by the governing body of the Issuer. The Bond Registrar shall make all principal and interest payments with respect to this Bond directly to the registered owner hereof shown on the Bond registration records maintained on behalf of the Issuer by the Bond Registrar at the close of business on the 15th day of the month next preceding the Payment Date (whether or not a business day) at such owner's address shown on said Bond registration records, without, except for payment of the final principal payment on this Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligation of the Issuer to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due.

Interest will be computed on the basis of a year of 360 days composed of twelve thirty-day months and actual days elapsed (360/360). The principal of and interest on this Bond are payable in such funds as are legal tender for payment of debts due the United States of America. Payments shall be applied first to interest due through the maturity date set forth above on the unpaid principal balance and thereafter to reduction of principal. Delinquent payments, if any, shall be applied by the Holder in the following sequence: (1) billed delinquent interest, (2) past-due interest installments, (3) past-due principal installments, (4) interest installments due and (5) principal installments due.

This Bond is prepayable on any Payment Date in full, but not in part, at a price of par plus accrued interest to the prepayment date.

All sums of principal and interest on this Bond not otherwise paid are due and payable on the maturity date specified above.

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 the Bond as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond is issued by the Issuer in the aggregate amount of \$130,000, pursuant to the authority contained in Minnesota Statutes, Chapters 429 and 475, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on November 6, 2008 (the "Resolution"), for the purpose of financing local public improvements. The principal of and interest on this Bond are payable primarily from special assessments levied or to be levied against benefited property pledged to a special fund of the Issuer entitled "2008 Improvement Bond Debt Service Fund", as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

This Bond is transferable by the Holder 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 Holder or the Holder'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 or more new fully registered Bond in the name of the transferee of an authorized denomination, 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.

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

IN WITNESS WHEREOF, the City of Grant, Washington County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the manual signature of the Mayor and attested by the manual signature of the Clerk as of the date of original issue set forth above.

ATTEST:

form no signature
Mayor

form no signature
Clerk

REGISTRATION CERTIFICATE

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

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
11/25/08	Wells Fargo Brokerage Services, LLC 608 Second Avenue South 10th Floor - MAC N9303-105 Minneapolis, MN 55479 Federal Taxpayer I.D. #41- 1508325	<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 Bond and all rights thereunder and does hereby irrevocably constitute and appoint attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed:

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

Section 4. Covenants, Accounts and Tax Levies.

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

A. The Issuer has caused or will cause the Special Assessments to be promptly levied so that the first installment will be collectible not later than 2009 and will take all steps necessary to assure prompt collection, and the levy of the Special Assessments is hereby authorized. The City Council will cause all further actions and proceedings to be taken with due diligence that are required for the construction of each Project financed wholly or partly from the proceeds of the Bond, and for the final and valid levy of the Special Assessments and the appropriation of any other funds needed to pay the Bond and interest thereon when due.

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

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

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

E. The Issuer covenants and agrees with the holders of the Bond and with its taxpayers that it will assess against benefited property not less than 20% of the cost of each Project financed wholly or partly from the proceeds of the Bond.

4.02 Construction Fund. On receipt of the purchase price of the Bond, the Issuer shall credit proceeds from the sale of the Bond, less amounts used to pay part of the interest cost of the issue as allowed by Minnesota Statutes, Section 475.56 (the "Additional Interest") and less amounts allocated to accrued interest paid by the Purchaser upon closing and delivery of the Bond (the "Accrued Interest"), to a separate fund which has been created and designated as the "2008 Improvement Bond Construction Fund." The monies in such fund, along with other monies of the Issuer available therefor, shall be used to pay construction costs of the Project. Other costs for which payment from such fund is authorized shall include costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Bond.

4.03 Debt Service Fund. A separate debt service fund is hereby created and is designated as the "2008 Improvement Bond Debt Service Fund" (the "Debt Service Fund").

Pledged Revenues are pledged to the Debt Service Fund. There is appropriated to the Debt Service Fund the Additional Interest, the Accrued Interest, the Pledged Revenues and interest earnings on the foregoing. The money in such fund shall be used for no purpose other than the payment of principal and interest on the Bond; 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 Treasurer shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Fund when the balance therein is sufficient.

4.04 No Tax Levy. It is determined that the estimated collections of Special Assessments and interest thereon for payment of principal and interest on the Bond will produce at least five percent in excess of the amount needed to meet when due, the principal and interest payments on the Bond and that no tax levy is needed at this time.

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

Section 5. Tax Covenants.

5.01 A. The Issuer covenants and agrees with the holders of the Bond that the Issuer will (i) take all action on its part necessary to cause the interest on the Bond 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 Bond 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 Bond to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bond 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 hereby finds, determines and declares that the aggregate face amount of the tax exempt obligations (other than private activity bonds) issued by the Issuer (and all subordinate entities of the Issuer) during the calendar year in which the Bond is issued is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended (the "Code").

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

(i) the Bond is not "private activity bonds" as defined in Section 141 of the Code;

(ii) the Issuer hereby designates the Bond 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 Bond 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 Bond is being issued have been designated for purposes of Section 265(b)(3) of the Code.

Section 6. Certificate of Proceedings.

6.01 Filing with County Auditor. The Clerk 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 Bond has been duly entered on his register.

6.02 Proceedings. The officers of the Issuer are authorized and directed to prepare and furnish to the Purchaser of the Bond and to bond counsel certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Bond and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bond 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 Investment Letter. No official statement or prospectus has been prepared or circulated by the Issuer in connection with the sale of the Bond and the Purchaser has made its own investigation concerning the Issuer as set forth in an investment letter.

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

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Adopted: November 6, 2008.

Mayor

ATTEST:

Clerk

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**EXTRACT OF MINUTES OF A REGULAR MEETING
OF THE CITY COUNCIL OF THE
CITY OF GRANT, MINNESOTA
HELD: November 6, 2008**

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Grant, Washington County, Minnesota, was duly held at the City Hall on November 6, 2008, at 7:00 P.M.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY
OF AN \$130,000 GENERAL OBLIGATION IMPROVEMENT BOND, SERIES
2008, OF THE CITY OF GRANT, MINNESOTA; ESTABLISHING THE
TERMS AND CONDITIONS THEREFOR; CREATING A CONSTRUCTION
FUND AND A DEBT SERVICE FUND THEREFOR; AND AWARDED THE
SALE THEREOF

The motion for the adoption of the foregoing resolution was duly seconded by member _____ 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)
) ss.
COUNTY OF WASHINGTON)

I, the undersigned, the duly qualified and acting Clerk of the City of Grant, Minnesota (the "Issuer"), do certify that I am the official custodian of the records of the issuer, and that I have compared the attached copy with the original records of the Issuer, and that it is a true and correct transcript taken from the records of a meeting of the City Council, held at the City of Grant, on November 6, 2008.

IN WITNESS WHEREOF I have hereunto set my hand as Clerk of the City, this ____ day of November, 2008.

Clerk