**RESOLUTION NO. 19-10**

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A $125,000 GENERAL OBLIGATION CERTIFICATE OF INDEBTEDNESS, SERIES 2020A**

BE IT RESOLVED, by the Board of Supervisors (the “Town Board”) of the Town of Sandstone, Pine County, Minnesota (the “Issuer”), as follows:

Section 1. Certificate 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 the Act, the Issuer has determined that it is necessary, expedient and in the best interest of the residents of the Issuer to issue and sell its General Obligation Certificates of Indebtedness, Series 2020A of the Issuer; in the original principal amount of $125,000 (the “Certificate”), in order to finance the purchase a grader and to pay part of the issuance costs of the Certificates.

B. The amount of the Certificates does not exceed 0.25 percent of the market value of taxable property in the Issuer ($202,364.75). The estimated taxable market value of the Issuer for calendar year 2018 is not less than $80,945,900.

C. 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 the issuance of the Certificates having been done, having happened and having been performed in regular and due form, time and manner as required by law, it is necessary for the Issuer to establish the form and terms of the Certificates, to provide for the security thereof, and to provide for the issuance of the Certificates forthwith.

1.03 Public Sale Exception. The Issuer will not sell obligations in an amount exceeding $1,200,000 during the 12-month period ending May 31, 2020.

1.04 Award of Sale. The Issuer has received an offer from Northview Bank, Finlayson, Minnesota (the “Purchaser”), to purchase the Certificate: (a) at the cash price of $125,000.00, plus accrued interest from the date of issue to the date of delivery; (b) bearing interest at the rate of 3.50 percent per annum; and (c) payable in approximately equally amortized semi-annual principal and interest payments as specified in this Resolution. The Town Board, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is accepted.

Section 2. Terms of the Certificate.

2.01 Interest Rate and Principal Maturities.

A. The Certificate 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 Certificate shall bear interest at the annual rate of 3.50 percent and shall be payable as to principal and interest semi-annually on June 15 and December 15, commencing December 15, 2020 (each referred to herein as a “Payment Date”), in 9 installments of $13,764.64 with a final payment of approximately $13,758.89 on June 15, 2025.  Interest will be computed upon a 365/360-day year basis.

B. The Registrar designated below shall make all interest payments with respect to the Certificate by check or draft mailed to the registered owner of the Certificate 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 Payment Date at such owners’ addresses shown on such bond registration records.

2.03 Redemption. The Certificate is prepayable, in whole or in part, on any date at a price of par plus accrued interest.

2.04 Preparation and Execution. A. The Certificate 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. The corporate seal of the Issuer may be omitted from the Certificate as permitted by law. In case any officer whose signature shall appear on the Certificate shall cease to be an officer before delivery of the Certificate, 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 Certificate.

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

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

2.07 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 Certificate and the registration of transfers of the Certificate 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.

2.08 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 Certificate 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 Certificate and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Purchaser. A typewritten and executed Certificate shall be furnished by the Issuer without cost to the Purchaser. The Certificate, 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 Certificate.

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

UNITED STATES OF AMERICA

STATE OF MINNESOTA

COUNTY OF PINE

R-1 $125,000

TOWN OF SANDSTONE

GENERAL OBLIGATION CERTIFICATE OF INDEBTEDNESS,

SERIES 2020A

|  |  |  |
| --- | --- | --- |
| Rate | Maturity Date | Date of Original Issue |
| 3.50% | June 15, 2025 | May 1, 2020 |

REGISTERED OWNER: NORTHVIEW BANK

PRINCIPAL AMOUNT: ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

The Town of Sandstone, Pine 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 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.

The Certificate shall be payable as to principal and interest semi-annually on June 15 and December 15, commencing December 15, 2020 (each referred to herein as a “Payment Date”), in 9 installments of $13,764.64 with a final payment of approximately $13,758.89 on June 15, 2025.  Payments shall be applied first to interest due on the outstanding principal balance and thereafter to reduction of the principal balance. Interest will be computed upon a 365/360-day year basis.

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 Clerk, 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 Certificate 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 Payment Date (whether or not a business day) at such owner’s address shown on said bond registration records, without, except for final payment of principal of the Certificate, the presentation or surrender of this Certificate, and all such payments shall discharge the obligation of the Issuer to the extent of the payments so made. Final payment of principal shall be made upon presentation and surrender of this Certificate 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 Certificate as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Certificate is prepayable on any date, in whole or in part, at a price of par plus accrued interest.

This Certificate is issued by the Issuer in the aggregate amount of $125,000, pursuant to the authority contained in Minnesota Statutes, Section 366.095 and Chapter 475, pursuant to an authorizing resolution adopted by the governing body of the Issuer on April 2, 2020 (the “Resolution”), for the purpose of financing the purchase of a grader and to pay part of the issuance costs of the Certificates. 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.

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 Sandstone, Pine 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 as of the date of original issue set forth above.

ATTEST:

*(form no signature)* *(form no signature)*

Clerk 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 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.

|  |  |  |
| --- | --- | --- |
| Date | Registered Owner | Signature of Clerk |
| 05/01/2020 | Northview Bank  P.O. Box 257  2203 Finland Avenue  Finlayson, MN 55735  Federal Tax I.D. No.: 41‑0257370 | *(form-no signature required)* |

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, Accounts and Tax Levies.

4.01 Project Fund. On receipt of the purchase price of the Certificate, the Town Board shall credit the proceeds from the sale of the Certificate to a separate fund, which is hereby created and designated as the “Project Fund” (the “Project Fund”). Proceeds from the Certificate on deposit in the Project Fund shall be used from time to time to pay the capital costs of the Project, including but not limited to, costs of acquiring and constructing the Project, professional services, printing and publication costs, and costs of issuance of the Certificate, as such become due.

4.02 Debt Service Fund. A separate debt service fund is created and is designated as the “Debt Service Fund” (the “Debt Service Fund”). The Issuer irrevocably appropriates to the Debt Service Fund to pay principal and interest due on the Certificate: (a) the amount of $14,312.69 to pay the first principal and interest payment due on December 15, 2020, (b) all taxes levied and collected in accordance with this Resolution, and (c) all other moneys as shall be appropriated by the Town Board to the Debt Service Fund from time to time. The money in such fund shall be used for no purpose other than the payment of principal and interest on the Certificate; 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.

4.03 Tax Levy. A. 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 for years 2020 through 2023 for collection in the years 2021 through 2024 in the annual amount of $28,906, and the amount of $14,447 to be levied in 2024 for collection in the year 2025.

B. The Taxes 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 Certificate, will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Certificate.

C. The tax levies shall be irrepealable so long as the Certificate is outstanding and unpaid; provided, however, that on November 30 of each year, while any Certificate issued hereunder remains outstanding, the Issuer shall reduce or cancel the above levies to the extent of funds available in the Debt Service Account 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 Board, 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 Certificate when due.

Section 5. Tax Covenants.

5.01 General. A. The Issuer covenants and agrees with the holder of the Certificate that the Issuer will (i) take all action on its part necessary to cause the interest on the Certificate 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 Certificate 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 Certificate to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Certificate 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:

(1) the Issuer is a governmental unit with general taxing powers;

(2) the Certificate is not a “private activity bond” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”);

(3) 95% or more of the net proceeds of the Certificate are to be used for local governmental activities of the Issuer; and

(4) 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 Certificate 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 Certificate 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 Certificate is not a “private activity bond” as defined in Section 141 of the Code;

(ii) the Issuer designates the Certificate 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 Certificate 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 Certificate 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 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 Certificate 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 Purchaser of the Certificate and to bond counsel certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Certificate and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Certificate 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 Certificate and the Purchaser 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, 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 Certificate, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

6.05 Pre- and Post-Issuance Compliance Policy and Procedures. The Town Board has been provided with a Pre- and Post-Issuance Compliance Policy and Procedures which shall apply 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 Town Board hereby approves the Policy and Procedures which have been presented to the Town Board. The Treasurer is designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

Adopted: April 2, 2020

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Attest: Chair

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Clerk

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EXTRACT OF MINUTES OF A MEETING OF THE

TOWN BOARD OF THE

TOWN OF SANDSTONE, MINNESOTA

HELD: April 2, 2020

Pursuant to due call and notice thereof, a regular meeting of the Town Board of the Town of Sandstone, Pine County, Minnesota, was duly held at the Town Hall on April 2, 2020, at 7:00 p.m.

The following supervisors were present:

and the following were absent:

Supervisor \_\_\_\_\_\_\_\_\_\_\_\_\_ introduced the following resolution and moved its adoption:

**“RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A $125,000 GENERAL OBLIGATION CERTIFICATE OF INDEBTEDNESS, SERIES 2020A”**

The motion for the adoption of the foregoing resolution was duly seconded by Supervisor \_\_\_\_\_\_\_\_\_\_\_\_\_\_ and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

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