

## **RESOLUTION NO. 2022-001**

### **RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A \$132,000 GENERAL OBLIGATION WATER REVENUE NOTE, SERIES 2022A**

BE IT RESOLVED, by the City Council of the City of Vergas, Otter Tail County, Minnesota (the “Issuer”), as follows:

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

1.01 **Statutory Authority.** Pursuant to authority contained in Minnesota Statutes, Section 444.075, Chapter 475, the Issuer is authorized to issue its general obligation bonds for the purpose of financing improvements to its municipal water utility, including replacement of media in the water plant and inspecting and repairing wells (the “Project”) and for the payment of part of the issuance costs of the Note.

#### **1.02 Authorization.**

A. The City Council directs the issuance and sale of a \$132,000 General Obligation Water Revenue Note, Series 2022A of the Issuer dated as of the date and closing and delivery thereof (the “Note”).

B. The principal of and interest on the Note shall be paid primarily from Net Revenues (defined herein) of the Issuer’s municipal water utility (the “Water Utility”).

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

1.04 **Award.** The Issuer has received a proposal for a loan to be evidenced by the Note from Vergas State Bank, Vergas, Minnesota (the “Lender”), in the amount of \$132,000 to pay costs of the Project, 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 accepted. All actions of the Mayor and the Clerk-Treasurer, taken with regard to the sale of the Note are 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 2.00 percent and shall mature on the dates and in the installment amounts shown below:

<u>Date</u>	<u>Principal Amount</u>
2/1/2023	\$12,000
2/1/2024	\$12,000
2/1/2025	\$13,000
2/1/2026	\$13,000
2/1/2027	\$13,000
2/1/2028	\$13,000
2/1/2029	\$14,000
2/1/2030	\$14,000
2/1/2031	\$14,000
2/1/2032	\$14,000

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 Prepayment. The Note is prepayable, in whole only, beginning on February 1, 2023, without notice at a price of par plus accrued interest to the prepayment date, and subject to a 0.5% prepayment penalty if such prepayment is on or prior to February 1, 2024.

2.03 Interest Payment Dates. The interest on the Note shall be payable semi-annually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”), commencing August 1, 2022. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

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 Registrar. The City Council hereby appoints the Clerk-Treasurer, as registrar, authenticating agent, paying agent and transfer agent for the Note (the “Registrar”). No Note shall be valid or obligatory for any purpose unless or until the Note has been executed by the manual signature of at least one officer of the Issuer or the Registrar’s Authentication Certificate on such Note, substantially set forth in this resolution, shall have been duly executed by an authorized representative of the Registrar. Authentication certificates on different bonds need not be signed by the same representative. The executed Authentication Certificate or manual signature of an officer of the Issuer on the Note shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

## 2.06 Registration, Exchange and Transfer.

A. 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 bond registration records shall be maintained at the office of the successor Registrar as may be appointed by the City Council.

B. Upon surrender for transfer of any Note at the principal corporate office of the Registrar, the Issuer shall execute and the Registrar shall authenticate, if required by law or this Resolution, and deliver, in the names(s) of the designated transferee(s), one or more new notes of a like aggregate principal amount, as requested by the transferor.

C. At the option of the registered owners, the Note may be exchanged for another Note of any authorized denomination, of a like aggregate principal amount, maturing upon the same date, upon surrender of the Note to be exchanged at the principal corporate office of the Registrar. Whenever any Note is so surrendered for exchange, the Issuer shall execute and the Registrar shall authenticate, if required by law or this Resolution, and deliver the Note which the registered owner making the exchange is entitled to receive.

D. Each Note surrendered upon the exchange provided for in this Resolution shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City Council.

E. Each Note issued in exchange for or upon transfer of a Note shall be valid obligation of the Issuer evidencing the same debt and entitled to the same benefits under this Resolution as the Note surrendered for such exchange or transfer.

F. Every Note presented for a transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Issuer and the Registrar, duly executed by the registered owner thereof or the owner's attorney duly authorized in writing.

G. The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of the Note, other than exchange expressly provided in this Resolution to be made, without expense or without charge to the registered owner.

H. Each Note delivered upon transfer of or in exchange for or in lieu of any other Note shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Note. Each Note shall be dated by the Registrar as of the date of its authentication or manual execution. The Issuer and the Registrar shall not be required to make any transfer or exchange of any Note called for redemption or to make any such exchange or transfer of a Note during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of the Note.

2.07 Replacement of Note. If the Note becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Note of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for any Note destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Note destroyed, stolen or lost, upon filing with the Registrar and the Issuer of evidence satisfactory to them that the Note was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the Issuer and the Registrar must be named as obligees. A Note so surrendered to the Registrar will be canceled by the Registrar and evidence of such cancellation must be given to the Issuer. If the mutilated, destroyed, stolen or lost Note has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Note prior to payment.

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  
COUNTY OF OTTER TAIL

R-1 \$132,000

CITY OF VERGAS  
GENERAL OBLIGATION WATER REVENUE NOTE,  
SERIES 2022A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.00%	February 1, 2032	February 1, 2022

REGISTERED OWNER: VERGAS STATE BANK

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY-TWO THOUSAND DOLLARS

The City of Vergas, Otter Tail 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 semiannually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”), commencing on August 1, 2022. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. The 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.

<b><u>Date</u></b>	<b><u>Principal Amount</u></b>
2/1/2023	\$12,000
2/1/2024	\$12,000
2/1/2025	\$13,000
2/1/2026	\$13,000
2/1/2027	\$13,000
2/1/2028	\$13,000
2/1/2029	\$14,000
2/1/2030	\$14,000
2/1/2031	\$14,000
2/1/2032	\$14,000

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 Note 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 owner’s address shown on said Note 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 the 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 Note without coupons, in the aggregate amount of \$132,000, pursuant to the authority contained in Minnesota Statutes, Section 444.075, Chapter 475, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on January 11, 2022 (the “Resolution”), for the purpose of financing to replace media and to inspect and to repair wells in the Issuer’s water plant and for the payment of the issuance costs of the Note. The principal of and interest on this Note are payable from net revenues (the “Net Revenues”) derived from the operation of Issuer’s water utility (the “Water Utility”) in excess of normal, reasonable and current costs of the operation and maintenance of the Water Utility for the payment of the principal and interest when due on this Note, and has covenanted and agreed that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the Water Utility at the times and in the amounts required to pay the normal, reasonable and current expenses of operating and maintaining the Water Utility, and also to produce Net Revenues, which will be at least adequate at all times to pay the principal and interest due on the Note. Reference is made to the Resolution 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.

The Note is prepayable, in whole only, beginning on February 1, 2023, without notice at a price of par plus accrued interest to the prepayment date, and subject to a 0.5% prepayment penalty if such prepayment is on or prior to February 1, 2024.

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 Vergas, Otter Tail 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

Date of Authentication: \_\_\_\_\_

### 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 Clerk-Treasurer, 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 Registrar, in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
2/1/2022	City of Vergas 111 E. Main Street P.O. Box 32 Vergas, MN 56587 Federal Tax I.D. No.: 41-0900504	<i>(form-no signature required)</i>

### 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:

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

(i) It will impose and collect just and equitable charges for all use and for the availability of all facilities of the Water Utility at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining such Water Utility, and also to produce Net Revenues (defined below), which together with other funds of the Issuer pledged herein, 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 Water Utility and segregate and account for the revenues thereof as provided in this Section.

(ii) It will place all such charges for the use and availability of the Water Utility, when collected, and all money received from the sale of any facilities or equipment of the Water Utility in the Water Fund (the "Water 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 Water Utility, and to maintain such reasonable reserves for such expenses as the City Council shall determine to



be necessary from time to time. Sums in excess of those required to make such payments and maintain such revenues 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.

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

4.02 Fund. There is created a special fund to be designated the "2022A General Obligation Water Revenue Note 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 Note and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the "Construction Account" and "Debt Service Account," respectively:

A. *Construction Account*. On receipt of the purchase price of the Note, the Issuer shall credit proceeds from the sale of the Note, less amounts used to pay part of the interest of the issue as allowed by Minnesota Statutes Section 475.56 (the "Additional Interest") and less any accrued interest paid by the Lender upon closing and delivery of the Note (the "Accrued Interest") to the Construction Account. Proceeds from the Note on deposit in the Construction Account, along with other monies of the Issuer available therefor, shall be used from time to time to pay, or reimburse the Issuer for payment of, the capital costs of the Project and costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Note and interest due on the Note prior to completion of the Project, as such become due.

B. *Debt Service Account*. The Debt Service Account shall 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 Debt Service Account shall be maintained in the manner herein specified until all of the Note and the interest thereon have been fully paid:

(i) There is pledged and appropriated and there shall be credited to the Debt Service Account: (A) the Accrued Interest and surplus funds; (B) the Additional Interest; (C) Net Revenues in such amounts, which will be sufficient to pay the principal of and interest on the Note when due; (D) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (E) any and all other moneys which are properly available and are appropriated by the governing body of the Issuer to the Debt Service Account; and (F) investment earnings on the monies identified in the foregoing clauses (A) through (E). The proceeds of the Note described in clauses (A) and (B) of the preceding sentence shall be used for payment of interest on the Note. (The funds and investments identified in clauses (C) through (F) are referred to herein as the "Pledged Revenues".)

(ii) The money in such account shall be used for no purpose other than the payment of principal and interest and redemption premium, if any, 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.

(iii) 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 funds then on deposit in the Debt Service Account, for the payment of all interest and principal then due on the Note.

(iv) If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Note, the Treasurer shall nevertheless provide sufficient money first from the Construction Account, second from the Water Fund and third from any other funds of the Issuer which are available for that purpose, and such other funds shall be reimbursed from the Debt Service Account when the balance therein is sufficient. All such reimbursements shall comply with Treasury Regulations, Section 1.150-2.

C. *Surplus Revenues.* Surplus revenues of the Water Utility from time to time received in the Fund and Water Fund, in excess of payments due from and reserves required to be maintained in the Fund and in the Debt Service Account, may be used for necessary capital expenditures for the improvement of the Water Utility, for the prepayment and redemption of notes and bonds issued pursuant to Section 444.075 of the Act, and for any other proper municipal purpose consistent with law and policies established by resolution of the Issuer.

D. *Investments.* Monies on deposit in the Water Fund, the Construction 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 No Tax Levy. A. It is determined that the estimated Pledged Revenues and other funds of the Issuer pledged and appropriated 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 Pledged Revenues, and the City Council covenants and agrees that the full faith and credit and resources of the Issuer are irrevocably pledged for the prompt and full payment of principal of and interest on the Note as such principal and interest respectively come due; and that in the event of any current or anticipated deficiency in the 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 Note, without limitation as to rate or amount.

Section 5. Tax Covenants.

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. 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) based on information provided by bond counsel, the Note is not a “private activity bond;”
- (iii) 95% or more of the net proceeds of the Note is 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 Note is issued is not reasonably expected to exceed \$5,000,000.

C. 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 6. Certificate of Proceedings; Miscellaneous.

6.01 The Clerk-Treasurer or the designee thereof is directed to file with the Otter Tail 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 have been duly entered on its register.

6.02 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.

6.03 In the event of the absence or disability of the Mayor, the Clerk-Treasurer, or 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 Note, 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 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 8. Pre- and Post-Issuance Compliance Policy and Procedures. The City Council has been provided with a 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 City Council hereby approves the Policy and Procedures which have been presented to the City Council. The Clerk-Treasurer is designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

Adopted: January 11, 2022.

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Mayor

ATTEST:

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Clerk-Treasurer

**EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE  
CITY OF VERGAS, MINNESOTA  
HELD: January 11, 2022**

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Vergas, Otter Tail County, Minnesota, was duly held on January 11, 2022 at City Hall, at 6:30 pm.

The following Members were present:

and the following Members were absent:

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

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY  
OF A \$132,000 GENERAL OBLIGATION WATER REVENUE NOTE,  
SERIES 2022A**

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 Members voted against the same:

Whereupon the resolution was declared duly passed and adopted.