

RESOLUTION NO. 11:03-23

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY
OF A \$257,000 TEMPORARY GENERAL OBLIGATION UTILITY
REVENUE NOTE, SERIES 2023B**

BE IT RESOLVED, by the City Council of the City of East Gull Lake, Cass 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, 475.61, Subdivisions 5 and 6, Chapter 475 (collectively, the “Act”), the Issuer is authorized to issue its temporary general obligation for the purpose of providing funds for improvements to the municipal sewer utility (the “Sewer Utility”) and municipal water utility (the “Water Utility”, and together with the Sewer Utility, the “Utilities”) including, temporary financing of engineering costs (the “Project”) which is necessary for timely payment of anticipated expenditures from the Project Account established herein.

1.02 Authorization. A. The City Council directs the issuance and sale of a \$257,000 Temporary General Obligation Utility Revenue Note, Series 2023B 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) derived from the operation of the Utilities, and long-term definitive bond or additional temporary obligations which the Issuer shall offer for sale in advance of the maturity of the Note (the “Permanent Obligations”).

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 the Frandsen Bank & Trust, located in Zumbrota, Minnesota (the “Lender”), in the amount of \$257,000 to pay costs of the Project, upon condition that the Note mature and bear 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 City Administrator, 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. 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 4.95 percent and shall mature on December 1, 2026 (the “Maturity Date”). The Note shall be payable as to principal on the Maturity Date.

2.02 Prepayment. The Note is prepayable in whole only on any date at a price of par plus accrued interest to the prepayment date.

2.03 Interest Payment Dates. The interest on the Note shall be payable semi-annually on June 1 and December 1 of each year (each referred to herein as an “Interest Payment Date”), commencing June 1, 2024. 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 City Administrator. 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 City Administrator 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 City Council hereby appoints the City Administrator, 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 manually executed by at least one officer of the Issuer. The manual signature of at least one officer of the Issuer on the Note shall be conclusive evidence that it has been authenticated and delivered under this Resolution

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

2.07 Registration Provisions. 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 City Council.

2.08 Payment. A. The Issuer and the Registrar may treat the person in whose name the Note is registered as the owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note 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 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 City Administrator 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 CASS

R-1 \$257,000

CITY OF EAST GULL LAKE
TEMPORARY GENERAL OBLIGATION UTILITY REVENUE NOTE,
SERIES 2023B

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
4.95%	December 1, 2026	December 1, 2023

REGISTERED OWNER: FRANDSEN BANK & TRUST

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY-SEVEN THOUSAND DOLLARS

The City Council (the “City Council”) of the City of East Gull Lake, Cass 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 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 semi-annually on June 1 and December 1 each year (each referred to herein as an “Interest Payment Date”) commencing on June 1, 2024. This Note is payable as to principal on the maturity date set forth above. Payments shall be applied first to interest due on the outstanding principal balance and thereafter to reduction of the principal balance.

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 City Administrator, 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.

This Note comprises the entire series issued by the Issuer in the aggregate amount of \$257,000 pursuant to the authority contained in Minnesota Statutes, Sections 444.075 and 475.61, Subdivisions 5 and 6, Chapter 475 and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on November 7, 2023 (the “Resolution”), for the purpose of providing funds for (i) the temporary financing of a portion of the costs of improvements to the municipal sewer utility (the “Sewer Utility”) and municipal water utility (the “Water Utility” and collectively with the Sewer Utility, the “Utilities”); (ii) to pay capitalized interest; and (iii) to pay certain expenses incurred in the issuance of the Note. The principal of and interest on this Note shall be paid primarily from net revenues (the “Net Revenues”) derived from the operation of the Utilities in excess of normal, reasonable and current costs of the operation and maintenance of the Utility and from the proceeds of permanent bonds or additional temporary bonds which the Issuer shall offer for sale in advance of the maturity of this Note (the “Permanent Obligations”). (The Permanent Obligations and Net Revenues are collectively referred to herein as the “Pledged Revenues.”) The Pledged Revenues are sufficient to pay the interest on and principal of this Note.

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.

In the Resolution the Issuer has covenanted and agreed that if this Note cannot be paid at maturity from the Pledged Revenues or from other funds appropriated by the governing body of the Issuer, this Note will be paid from the proceeds of additional definitive obligations which will be issued and sold prior to the maturity date of this Note. The holder of this Note shall have and may enforce, by mandamus or other appropriate proceedings, all rights respecting the levy and collection of taxes that are granted by law to holders of permanent bonds, except the right to require the levies to be collected prior to the maturity of this Note. If this Note is not paid in full at maturity, the holder hereof may require the issuance in exchange for it, at par, of a new temporary bond maturing within one year from its date of issue but not subject to any other maturity limitation, and bearing interest

at the maximum rate permitted by law. Reference is made to the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

The Issuer has further 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 Utilities at the times and in the amounts required to pay the normal, reasonable and current expenses of operating and maintaining the system, and also to produce Net Revenues, which along with the Permanent Obligations will be at least adequate at all times to pay the principal and interest due on this Note.

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.

The Note is prepayable on any date in whole only at a price of par plus accrued interest to the prepayment date.

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 Council of the City of East Gull Lake, Cass 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 City Administrator.

ATTEST:

(form – no signature required)
City Administrator

(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 City Administrator 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 City Administrator</u>
12/1/2023	Frandsen Bank & Trust 1440 South Main Street Zumbrota, MN 55992 Federal Tax I.D. No.: 41-0947097	<i>(form – no signature required)</i>

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers into

(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. Funds, Accounts and Covenants.

4.01 Rate Covenant. The Issuer covenants and agrees with the holder of the Note and with its taxpayers that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the Utilities at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining such Utilities, and also to produce Net Revenues (defined below) which 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 Utilities and segregate and account for the revenues thereof as provided in this Section.

4.02 Funds, Accounts, Appropriations and Revenues.

A. Sewer 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 Sewer Utility at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining such Sewer

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 Sewer 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 Sewer Utility, when collected, and all money received from the sale of any facilities or equipment of the Sewer 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 Sewer 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 (“Sewer Utility 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 Sewer Utility revenues from time to time received in the Sewer Account, 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 Sewer Utility, for the prepayment and redemption of notes and bonds constituting a lien on the Sewer Utility, and for any other proper municipal purpose consistent with policies established by resolution of the City Council.

B. *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 (“Water Utility Net Revenues” and

together with the Sewer Utility Net Revenues, the “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.

4.03 2023B Temporary General Obligation Utility Revenue Note Fund. There is created a special fund to be designated the “2023B Temporary General Obligation Utility Revenue Note Account” (the “Fund”) to be administered and maintained by the City Administrator as a bookkeeping account separate and apart from all other funds and accounts 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 separate accounts, to be designated the “Project Account,” and the “Debt Service Account,” respectively (together, the “Accounts”):

A. *Project Account.* The Project Account shall be maintained in the manner herein specified:

(i) On receipt of the purchase price of the Note, the Issuer shall credit proceeds from the sale of the Note, less the amounts allocated as capitalized interest funded from Note proceeds, if any (the “Capitalized Interest”); less amounts used to pay part of the interest cost of the issue as allowed by Section 475.56 of the Act (the “Additional Interest”); and less any accrued interest paid by Lender at closing and delivery of the Note (the “Accrued Interest”), if any, to the Project Account.

(ii) From the Project Account there shall be paid all costs and expenses of the Project, including engineering costs, the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Section 475.65 of the Act; and the moneys in said account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Note may also be used to the extent necessary to pay interest on the Note; 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 Note.

B. *Debt Service Account.* 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 are irrevocably appropriated and pledged to the Debt Service Account: (a) Net Revenues which, along with the Permanent Obligations will be sufficient to pay the principal of and interest on the Note when due; (b) the Capitalized Interest; (c) the Accrued Interest; (d) the Additional Interest; (e) all funds remaining in the Project

Account after completion of the Project and payment of the costs thereof; (f) proceeds of the Permanent Obligations; (g) the Issuer's funds in an amount necessary to provide the coverage specified in Minnesota Statutes, Section 475.61 and (h) 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 (i) investment earnings, if any, on the moneys identified in preceding clauses (a) through (h).

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

(iii) If the balances in the Debt Service Account are ever insufficient to pay all principal and interest then due on the Note, the City Administrator shall nevertheless provide sufficient money first from the Project Account, next from the Sewer Fund, Water Fund, and 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.

C. *Investments.* Monies on deposit in the Sewer Fund, the Water Fund, the Project 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.

4.04 No Tax Levy. It is determined that the Net Revenues and Permanent Obligations 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.

4.05 Definitive Bonds. In accordance with its statutory duties under Minnesota Statutes, Section 475.61, Subdivision 6, the Issuer covenants and agrees with the holders of the Note that if the Note cannot be paid at maturity from the Net Revenues and Permanent Obligations or from other funds appropriated by the Issuer, the Note will be paid from the proceeds of permanent bonds which the City Council shall offer for sale in advance of their maturity but the indebtedness funded by the Note shall not be extended by the issue of additional temporary bonds for more than six years from the date of the Note. The holder of the Note shall have and may enforce, by mandamus or other appropriate proceedings, all rights respecting the levy and collection of taxes that are granted by law to holders of permanent bonds, except the right to require the levies to be collected prior to the maturity of the Note. If the Note is not paid in full at maturity, the holder may require the issuance in exchange for them, at par, of new temporary bonds maturing within one year from their date of issue but not subject to any other maturity limitation, and bearing interest at the maximum rate permitted by law.

4.06 General Obligation. It is recognized, however, that the Issuer's liability on the Note is not limited to the Net Revenues and Permanent Obligations and other appropriated funds so pledged, and the Issuer covenants and agrees that it will levy upon all taxable property within the

Issuer, and cause to be extended, assessed, and collected, any taxes found necessary for full payment of the principal of and interest on the Note and any definitive obligations, without limitation as to rate or amount.

Section 5. Tax Covenants.

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

(iii) 95% or more of the net proceeds of the 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, all within the meaning of Section 148(f)(4)(D) of the Code.

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 City Administrator or the designee thereof 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 have been duly entered on the County Auditor's 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 City Administrator, 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.

6.04 The Mayor and City Administrator are hereby authorized and directed to certify that no official statement or prospectus has been prepared or circulated by the Issuer in connection with the sale of the Note and the Lender (as defined in the Note Resolution) has made its own investigation concerning the Issuer as set forth in an investment letter and receipt.

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 City Administrator 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. 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 City Administrator continues to be designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

Adopted: November 7, 2023.



Jim Ruitger, Acting Mayor

ATTEST:



City Administrator

M:\docs\20933\000004\ROL\MCE7255.DOCX

**EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF EAST GULL LAKE, MINNESOTA**

Pursuant to due call and notice thereof, a meeting of the City Council of the City of East Gull Lake, Cass County, Minnesota, was duly held at City Hall on November 7, 2023, at 6:30 P.M.

The following council members were present: Councilors Bergin, Demgen, Hoffmann, and Ruttger

and the following were absent: Mayor Kavanaugh

Member Bergin introduced the following resolution and moved its adoption:

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY
OF A \$257,000 TEMPORARY GENERAL OBLIGATION UTILITY
REVENUE NOTE, SERIES 2023B**

The motion was duly seconded by Demgen.

On a roll call vote the motion was carried as follows:

Ayes:	4
Nays:	0
Not Voting:	0
Absent:	1

Whereupon the resolution was declared duly passed and adopted.

CREDIT ENHANCEMENT PROGRAM	APPLICATION FOR PARTICIPATION	
---	--	---

GENERAL INFORMATION AND INSTRUCTIONS: Minnesota Statutes, Section 446A.086 provides a procedure for the State to preclude default on general obligation bonds issued by cities and counties for certain specified purposes. The governmental unit must enter into an agreement with the Minnesota Public Facilities Authority ("MPFA") under which it covenants and obligates itself to be bound by this statute prior to the issuance of debt obligations in order to participate in this program. The purpose of this application is to: (1) inform the MPFA that participation in the program is desired, (2) request that the MPFA execute the Credit Enhancement Program Agreement.

TO BE COMPLETED BY THE GOVERNMENTAL UNIT			
Name of Governmental Unit City of East Gull Lake	Address 10790 Gull Point Road	City East Gull Lake	Zip Code 56401
Name of City/County Contact Person Laura Christensen	Title City Administrator	Telephone Number 218-330-7519	Email address laura@eastgulllake.us
Authorized signer 1 Laura Christensen	Title City Administrator	Email address laura@eastgulllake.us	
Authorized signer 2 Dave Kavanaugh	Title Mayor	Email address davek@eastgulllake.us	

BOND ISSUE INFORMATION	Title/Description of Bonds General Obligation Sewer Revenue Bonds, Series 2024A	Total Amount to be Issued: \$ 1,055,000	
	Purpose for which bonds are being issued: to finance sanitary sewer related capital outlays located within the City		
	Dated Date 01/25/2024	Expected Sale/Pricing Date 12/05/2023	Final Maturity Date 02/01/2039

BOND COUNSEL INFORMATION		
Bond Counsel Firm Fryberger, Buchanan, Smith & Frederick, P.A.	Bond Counsel Contact Person Chris Virta	
Address City, State Zip 302 West Superior Street, Duluth, MN 55802	Telephone Number 218-725-6846	Fax Number n/a
PAYING AGENT INFORMATION		
Paying Agent Northland Trust Services, Inc.	Contact Person Scott R. Miles	
Address City, State Zip 150 South Fifth Street, Ste 3300, Minneapolis, MN 55402	Email address smiles@northlandtrust.com	
MUNICIPAL ADVISOR INFORMATION		
Municipal Advisor David Drown Associates, Inc.	Contact Person Mike Bubany	
Phone Number 507-346-7895	Email address mike@daviddrown.com	

Application Submittal Date: 11/14/2023 * This date should be at least two weeks prior to expected sale/pricing date. If less time, please contact the PFA.

THIS COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY:

1. PDF copy of the fully completed Credit Enhancement Program Agreement, executed with signatures by the Governmental Unit and the Paying Agent. The form of agreement provided by the Public Facilities Authority must not be altered.
2. An opinion of bond counsel in the form required.
3. Copy of resolution authorizing the governmental unit to enter into the Credit Enhancement Program Agreement and obligating the governmental unit to be bound by the provisions of Minnesota Statutes Section 446A.086.
4. A nonrefundable application fee of \$500 in the form of a wire transfer to the Minnesota Public Facilities Authority after Authority approval.

PLEASE SUBMIT BY EMAIL TO:
Minnesota Public Facilities Authority
1st National Bank Building, Suite W820
332 Minnesota Street
St. Paul, MN 55101-1378

MN.PFA@state.mn.us

MINNESOTA PUBLIC FACILITIES AUTHORITY CREDIT ENHANCEMENT PROGRAM AGREEMENT

This Credit Enhancement Program Agreement, ("the Agreement"), is made between the Minnesota Public Facilities Authority (the "Authority") and East Gull Lake, Minnesota (the "Governmental Unit"), in order to comply with the requirements of Minnesota Statutes, Section 446A.086 (the "Act"). The Governmental Unit has passed a resolution dated November 7, 2023, (the "Resolution) authorizing the issuance of its \$1,055,000 General Obligation Sewer Revenue Bonds, Series 2024A (the "Bonds"), the proceeds of which will be used to provide funds for sanitary sewer related capital outlays located within the City. The Governmental Unit represents that the Resolution authorizes the Governmental Unit to enter into this Agreement and obligates the Governmental Unit to be bound by the provisions of the Act. The Governmental Unit and the Authority agree as follows:

Section 1. The Governmental Unit will deposit with Northland Trust Services, Inc. (and any subsequent paying agent) (the "Paying Agent") three business days before the date on which each payment is due on the Bonds an amount sufficient to make that payment.

Section 2. The Governmental Unit will notify the Authority not less than 15 business days prior to the date a payment is due on the Bonds if the Governmental Unit will be unable to make all or a portion of the payment. Notification shall be provided by faxing and mailing a completed and executed Notification of Potential Default form to the Authority.

Section 3. The Governmental Unit will include a provision in its agreement with the Paying Agent for the Bonds that requires the Paying Agent to immediately inform the Minnesota Commissioner of Management and Budget, with a copy to the Authority, if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the Bonds or if, on the day two business days before the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make the payment. For purposes of this paragraph and the Act, funds invested in a refunding escrow account established under Minnesota Statutes, Section. 475.67 that are to become available to the Paying Agent on a principal or interest payment date are deemed to be on deposit with the Paying Agent three business days before the payment date.

Section 4. The provisions of this Agreement are binding with respect to the Bonds as long as the Bonds remain outstanding.

Section 5. According to its terms, the Act is a contract with bondholders and may not be amended or repealed for the covered bonds so long as the covered bonds are outstanding.

Section 6. The Governmental Unit agrees to provide the Authority with a copy of the final debt service schedule for the Bonds within 30 days of the closing date and an estimate of the interest savings that will be achieved by participation in the program.


Section 7. The Authority has reviewed the application of the Governmental Unit dated November 14, 2023, and, based solely upon the application, the opinion of bond counsel and the provisions of this Agreement, verifies that the Bonds are participating in the Credit Enhancement Program established pursuant to the Act, and that if the Governmental Unit is unable to make any portion of the payment on the Bonds on or before the date due, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. **The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the legislature to provide for the availability of funds in the General Fund for this purpose.**


Section 8. The Authority will provide to the Governmental Unit upon request, or to its duly authorized agent, any information which the State of Minnesota files with the Nationally Recognized Municipal Securities Information Repositories pursuant to the State's obligations under rule 15c2-12.

Section 9. The Governmental Unit agrees to notify the Authority if the Paying Agent is replaced by a subsequent paying agent and to provide to the Authority a certification by the subsequent paying agent in the form set forth for the original paying agent below.

IN WITNESS WHEREOF, the Authority and the Governmental Unit acknowledge their assent to this Agreement and agree to be bound by its terms and the terms of the Act through their signatures entered below.

1. EAST GULL LAKE, MINNESOTA:

By: 
Title: Mayor
Date: 11/14/2023

By: 
Title: Administrator
Date: 11/14/2023

2. PUBLIC FACILITIES AUTHORITY:

By (auth. signature): _____
Title: Executive Director
Date: _____

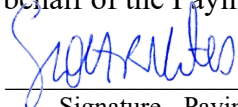
3. COMMISSIONER OF ADMINISTRATION:

As delegated to: Office of State Procurement
By (auth. signature): _____
Date: _____
Admin ID: _____

PAYING AGENT CERTIFICATION

The undersigned Paying Agent for the bonds of East Gull Lake , Minnesota in the original principal amount of \$ 1,055,000 referred to in the Agreement to which this certification is attached acknowledges, understands, and agrees to be bound by the procedures contained in Minnesota Statutes, Section 446A.086 and the Agreement which, in part, requires that the Paying Agent notify the Minnesota Commissioner of Management and Budget, with a copy to the Minnesota Public Facilities Authority if it becomes aware of a default or a potential default in the payment of principal or interest on those debt obligations, or if, on the day two business days prior to the date a payment is due on those debt obligations, there are insufficient funds to make the payment on deposit with the Paying Agent. Notification shall be provided by faxing and mailing a completed and executed Paying Agent Notification of Potential Default form to the Commissioner of Management and Budget and the Authority.

I, Scott R Miles, do hereby certify that I am a COO/Cashier duly appointed and acting as such, of the Paying Agent, and am authorized to execute this Certificate on behalf of the Paying Agent.

By: 
 Signature - Paying Agent Authorized Representative

Date: 11-14-2023

TO BE COMPLETED BY THE PAYING AGENT			
Name of Paying Agent Northland Trust Services, Inc.			
Address 150 South Fifth Street, Suite 3300		City Minneapolis	State MN
Zip 55402		Telephone Number 612-851-5914	Fax Number 612-851-4933
Paying Agent Contact Person Scott Miles		Title COO/Cashier	
Paying Agent's Name of Bank Wells Fargo, National Association		Paying Agent's Bank Account Name Northland Trust Services, Inc.	
Bank Association Number 121-000-248		Paying Agent Bank Account Number 143-6412710	
Paying Agent Federal Tax ID 20-1369079		State Tax ID 7134229	