

**CITY OF LUCAN  
RESOLUTION NO. 2018-04**

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY  
OF A \$35,000 GENERAL OBLIGATION EQUIPMENT CERTIFICATE,  
SERIES 2018A**

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

Section 1.     Certificate Purpose, Authorization and Award.

1.01   Authority.     Pursuant to authority contained in Minnesota Statutes, Section 412.301 (the "Act"), the Issuer is authorized to issue its certificates of indebtedness to provide funds for the purchase of capital equipment having an expected useful life at least as long as the terms of the certificates issued to finance capital equipment.

1.02   Findings.   A. Pursuant to authority contained in Minnesota Statutes, Chapter 475 and Section 412.301, the Issuer has determined that it is necessary, expedient and in the best interest of the residents of the Issuer that the Issuer purchase certain items of capital equipment, including but not limited to the purchase of a fire truck tanker (the "Project"), and that the Issuer issue and sell its General Obligation Equipment Certificate, Series 2018A, of the Issuer, in the original principal amount of \$35,000 (the "Certificate"), in order to finance the Project and to pay part of the issuance costs of the Certificate.

B.     The principal amount of the Certificate exceeds 0.25% of the market value of taxable property in the Issuer. The estimated market value of the Issuer for calendar year 2017 is \$6,344,900. The City Council adopted a resolution expressing its intent to issue the Certificate on February 5, 2018 (the "Initial Resolution").

C.     Upon publication of the Initial Resolution and the passing of ten days during which no petition for an election on the issuance of the Certificate has been filed with the Clerk, 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 Certificate having been done, having happened and having been performed in regular and due form, time and manner as required by law.

D.     It is necessary for the Issuer to establish the form and terms of the Certificate, to provide for the security thereof, and to provide for the issuance of the Certificate forthwith.

1.03   Bonds Previously Sold. The Issuer elects to apply the exception to the public sale requirement contained in Minnesota Statutes, Section 475.60, Subdivision 2(2) and has not sold obligations pursuant to this exception in an amount exceeding \$1,200,000 for the previous 12 months.

1.04   Award of Sale. The Issuer has received a proposal for a loan to be evidenced by the Certificate from the First Independent Bank, located in Russell, Minnesota (the "Lender"), in



the amount of \$35,000, plus accrued interest on the total principal amount to the date of delivery of the Certificate, upon condition that the Certificate 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 taken with regard to the sale of the Certificate are ratified and approved.

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 3.40%, with semi-annual installments of principal and interest in an amount sufficient to amortize the outstanding principal balance over the remaining term of the Certificate.

2.02 Prepayment. The Certificate is prepayable on any payment date without notice at a price of par plus accrued interest to the prepayment date.

2.03 Payment Dates. A. Principal and interest shall be payable semi-annually on February 15 and August 15 of each year in an amount sufficient to amortize the outstanding principal balance over the remaining term of the Certificate (each referred to herein as a "Payment Date") commencing on August 15, 2018. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

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 Certificate registration records maintained by the Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such Certificate registration records.

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 Mayor 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 Appointment of Registrar. The City Council 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 Lender.

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 City Council.

2.08 Payment. 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.

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 Lender. Typewritten and executed Certificate shall be furnished by the Issuer without cost to the Lender. The Certificate, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the Treasurer to the Lender 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  
REDWOOD COUNTY

R-1

\$35,000

CITY OF LUCAN  
GENERAL OBLIGATION EQUIPMENT CERTIFICATE, SERIES 2018A

Rate	Maturity Date	Date of Original Issue
3.40%	February 15, 2025	_____, 2018

REGISTERED OWNER: FIRST INDEPENDENT BANK

PRINCIPAL AMOUNT: THIRTY-FIVE THOUSAND DOLLARS

The City of Lucan, Redwood 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.



Principal and interest shall be payable semi-annually on February 15 and August 15 of each year in an amount sufficient to amortize the outstanding principal balance over the remaining term of the Certificate (each referred to herein as a "Payment Date") commencing on August 15, 2018. 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 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 Certificate 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 Certificate 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. Payment of principal shall be made upon presentation and surrender of this Certificate to the Registrar when due.

The principal amount evidenced by this Certificate 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 Certificate is prepayable on any payment date without notice at a price of par plus accrued interest to the prepayment date.

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

This Certificate comprises the entire amount of this series issued by the Issuer as one fully registered Certificate without coupons, in the aggregate amount \$35,000, pursuant to the authority contained in Minnesota Statutes, Chapters 475 and Section 412.301, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on February 5, 2018, for the purpose of financing the purchase of certain items of capital equipment including but not limited to the purchase of a fire truck tanker. 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 the Certificate, as such principal and interest respectively come due.



This Certificate is transferable by the registered owner hereof upon surrender of this Certificate for transfer at the principal corporate office of the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the Issuer shall execute and the Registrar shall authenticate and deliver, in exchange for this Certificate, one new fully registered bond in the name of the transferee of an authorized denomination, an aggregate principal amount equal to the unpaid principal amount of this Certificate, of the same maturity, and bearing interest at the same rate. No service charge shall be made for any transfer or exchange hereinbefore referred to, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this 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 constitutional or statutory limitation.

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

ATTEST:

\_\_\_\_\_  
(form no signature)  
Clerk

\_\_\_\_\_  
(form no signature)  
Mayor

#### 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 City of Lucan, Minnesota, 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 Clerk in the name of the registered owner last noted below.

Date

Registered Owner

Signature of Clerk



2/\_\_\_/2018

First Independent Bank  
300 Front Street  
P.O. Box 360  
Russell, MN 56169  
Federal Tax I.D.  
No.: 41-0680294

\_\_\_\_\_  
(form no signature)

### 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 The Fund. There is created a special fund to be designated the "2018A General Obligation Equipment Certificate Fund" (the "Fund") to be administered and maintained by the Clerk 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 principal amount of the Certificate and the interest thereon has been fully paid. There shall be maintained in the Fund two separate accounts, to be designated the "2018A Project Fund" and "2018A Debt Service Fund," respectively:

A. Project Fund. On receipt of the purchase price of the Certificate, the Issuer shall credit proceeds from the sale of the Certificate, less accrued interest and capitalized interest (the "Capitalized Interest"), to the Project Fund. The monies in such fund, along with other monies of the Issuer available therefor, shall be used to pay the costs of the Project, as set forth herein. 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 Certificate.

B. Debt Service Fund. There are pledged and appropriated to the Debt Service Fund ad valorem taxes levied in Section 4.02 below; the Issuer's funds in the amount of \$5,944; and the Capitalized Interest, if any. 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 Clerk shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Fund when the balance therein is sufficient.

4.02 Tax Levy. A. For the prompt and full payment of the principal and interest on the Certificate when due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. 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. Said levies are for the years and in the amounts set forth below:



Levy Year	Collection Year	Amount
2018	2019	\$5,944
2019	2020	\$5,944
2020	2021	\$5,944
2021	2022	\$5,944
2022	2023	\$5,944
2023	2024	\$5,944

B. The tax levies 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 five percent in excess of the amount needed to meet when due the principal and interest payments on the Certificate.

C. The tax levies shall be irrevocable 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 Fund 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.

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

(1) the Certificate is not a "private activity bond" as defined in Section 141 of the Code;

(2) the Issuer designates the Certificate as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code;

(3) 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

(4) 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 certified copy of this resolution and such other information as the County Auditor may require, and to obtain from the County Auditor certificates stating that the Certificate herein authorized has been duly entered on the County Auditor's register.

6.02 Certified Proceedings. The officers of the Issuer are authorized and directed to prepare and furnish to the Lender 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 Lender has made its own investigation concerning the Issuer as set forth in an investment letter dated the date hereof.

6.04 Absent or Disabled Officers. In the event of the absence or disability of the Mayor or Clerk, 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 Certificate, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

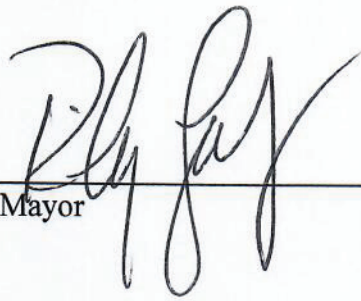
Section 7. Loan Agreement. The proceeds of the Certificate will be advanced to the Issuer in accordance with the terms of this Resolution and with a Loan Agreement between the Issuer, and the Lender (the "Loan Agreement"). The Mayor and Clerk of the Issuer are hereby authorized and directed to execute 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 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 Certificate. The Clerk continues to be designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

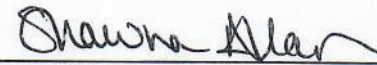
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Adopted: February 5, 2018

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Clerk

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