EXTRACT OF MINUTES OF A MEETING
CITY COUNCIL OF THE
CITY OF MENAHGA, MINNESOTA

HELD: October 31, 2022

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Menahga, Wadena County, Minnesota, was duly held at the city hall on October 31, 2022, at 6:00 P.M., for the purpose in part of awarding the sale of a $614,500 General Obligation Water Revenue Note of 2022A.

The following members were present:

Jody Bjornson, Durwin Tomperi, Elizabeth Olson, Daniel Warmbold, Robyn Keranen

and the following were absent: None

Member Durwin Tomperi introduced the following resolution and moved its adoption:

RESOLUTION NO. #2022-40

RESOLUTION ACCEPTING THE OFFER OF THE MINNESOTA PUBLIC FACILITIES AUTHORITY TO PURCHASE A $614,500 GENERAL OBLIGATION WATER REVENUE NOTE OF 2022A, PROVIDING FOR ITS ISSUANCE AND AUTHORIZING EXECUTION OF A BOND PURCHASE AND PROJECT LOAN AGREEMENT

A. WHEREAS, the City Council (the "City Council") of the City of Menahga, Minnesota (the "City"), has heretofore applied for a loan from the Minnesota Public Facilities Authority (the "PFA") to provide financing pursuant to Minnesota Statutes, Chapters 444 and 475, for the installation of a 100,000 gallon elevated storage tank, all as detailed in the Minnesota Department of Health's certification dated December 20, 2021 (the "Project"); and

B. WHEREAS, the PFA is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds, to provide loans and other assistance to municipalities to fund eligible costs of construction of publicly owned drinking water systems in accordance with the federal Safe Drinking Water Act and the federal Clean Water Act; and

C. WHEREAS, the City has applied for a loan from the PFA pursuant to such program and the PFA has committed to make a loan to the City in the principal amount of $614,500, to be disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated October 6, 2022 (the "PFA Loan Agreement"), a copy of which has been presented to the City Council and is on file with the Temporary City Administrator; and

D. WHEREAS, the $614,500 General Obligation Water Revenue Note of 2022A (the "Note") of the City is tax-exempt, and in addition, the City will need to assure the tax-exemption of the PFA Bonds; and

E. WHEREAS, in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(4), the City is authorized to issue obligations to a board, department or agency of the State of Minnesota by negotiation and without advertisement for bids and the PFA is, and has represented that it is, a board, department or agency of the State of Minnesota; and

F. WHEREAS, the City owns and operates a municipal water system (the "Water System") as a separate revenue producing public utility; and

G. WHEREAS, the net revenues of the Water System are pledged to the payment of the City's outstanding General Obligation Water Revenue Note of 2015 in the original principal amount of $330,820, dated September 8, 2015 (the "Outstanding Water Bond"); and

H. WHEREAS, a contract or contracts for the Project have been made by the City with the approval of the PFA and all other state and federal agencies of which approval is required:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Menahga, Wadena County, Minnesota, as follows:

1. Acceptance of Offer; Payment. The offer of the PFA to purchase a $614,500 General Obligation Water Revenue Note of 2022A of the City, at the rate of interest hereinafter set forth, and to pay therefor the sum of $614,500 as provided below, is hereby accepted, and the sale of the Note is hereby awarded to the PFA. Payment for the Note shall be disbursed in installments as eligible costs of the Project are reimbursed or paid, all as provided in the PFA Loan Agreement.

2. Title; Date; Denomination; Interest Rates; Maturities. The Note shall be a fully registered negotiable obligation, shall be titled "General Obligation Water Revenue Note of 2022A", shall be dated as of the date of delivery and shall be issued forthwith. The Note shall be in the principal amount of $614,500, or so much thereof as shall be disbursed pursuant to the PFA Loan Agreement, shall bear interest on so much of the principal amount of the Note as may be disbursed and remains unpaid until the principal amount of the Note has been paid or has been provided for, at the rate of 1.524% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing August 20, 2023. Interest starts accruing as of the date of the initial disbursement. Principal on the Note shall mature on August 20 of the years and in the installments as follows:

Year	Amount	Year	Amount
2023	$10,500	2033	$32,000
2024	28,000	2034	32,000
2025	28,000	2035	33,000
2026	29,000	2036	33,000
2027	29,000	2037	34,000
2028	29,000	2038	34,000
2029	30,000	2039	35,000
2030	30,000	2040	35,000

Year	Amount	Year	Amount
2031	31,000	2041	36,000
2032	31,000	2042	35,000

Interest shall accrue only on the aggregate amount of the Note which has been disbursed and is unpaid under the PFA Loan Agreement. The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of the Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Principal, interest and any premium due under the Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name the Note is registered, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts.

Interest on the Note includes amounts treated by the PFA as service fees.

3. Purpose; Cost. The proceeds of the Note shall provide funds to finance construction of the Project. The total cost of the construction of the Project, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the Project before the collection of net revenues pledged and appropriated therefor, and all other costs necessarily incurred and to be incurred from the inception to the completion of the Project, is estimated to be at least equal to the amount of the Note. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Redemption. The Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the PFA, or mandatorily as provided in the PFA Loan Agreement.

5. Registration of Note. At the time of issuance and delivery of the Note, the officer of the City performing the functions of the treasurer (the "Treasurer") shall register the Note in the name of the payee in a note register which the Temporary City Administrator and the officer's successors in office shall maintain for the purpose of registering the ownership of the Note. The Note shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Note hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to the Note, may be made to the registered holder thereof or to the registered holder's legal representative, without presentation or surrender of the Note.

6. Form of Note. The Note, together with the Certificate of Registration attached thereto, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF WADENA
CITY OF MENAHGA

$614,500 GENERAL OBLIGATION WATER REVENUE NOTE OF 2022A

THE CITY OF MENAHGA, WADENA COUNTY, MINNESOTA (the "City"), certifies that it is indebted and for value received promises to pay to the Minnesota Public Facilities Authority or the registered assign, the principal sum of SIX HUNDRED FOURTEEN THOUSAND, FIVE HUNDRED DOLLARS, or so much thereof as may have been disbursed, on August 20 of the years and in the installments as follows:

Year	Amount	Year	Amount
2023	$10,500	2033	$32,000
2024	28,000	2034	32,000
2025	28,000	2035	33,000
2026	29,000	2036	33,000
2027	29,000	2037	34,000
2028	29,000	2038	34,000
2029	30,000	2039	35,000
2030	30,000	2040	35,000
2031	31,000	2041	36,000
2032	31,000	2042	35,000

and to pay interest on so much of the principal amount of the debt as may be disbursed and remains unpaid until the principal amount hereof is paid or has been provided for, at the rate of 1.524% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing August 20, 2023. Interest starts accruing as of the date of the initial disbursement.

Principal and Interest Payments. Interest shall accrue only on the aggregate amount of this Note which has been disbursed under the Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of October 6, 2022, by and between the City and the Minnesota Public Facilities Authority (the "PFA Loan Agreement"). The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Note has not been disbursed; provided that if the full principal amount of this Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Interest on this Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name this Note is registered, in any coin or currency of the

United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the Minnesota Public Facilities Authority, or mandatorily as provided in the PFA Loan Agreement.

Purpose; General Obligation. This Note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the construction of improvements to the municipal water system (the "Water System"), specifically for the installation of a 100,000 gallon elevated storage tank, all as detailed in the Minnesota Department of Health's certification, dated December 20, 2021 (the "Project"); and is payable out of the PFA Debt Service Account of the Water Fund of the City, to which account have been pledged net revenues of the Water System. This Note constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Note shall be registered in the name of the payee on the books of the City by presenting this Note for registration to the City Administrator, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the City Administrator.

Fees Upon Transfer or Loss. The City Administrator may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Note and any legal or unusual costs regarding transfers and lost notes.

Bond Purchase and Project Loan Agreement. The terms and conditions of the PFA Loan Agreement are incorporated herein by reference and made a part hereof. The PFA Loan Agreement may be attached to this Note, and shall be attached to this Note if the holder of this Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The City intends that the interest on this Note will be excluded from gross income for United States income tax purposes or from both gross income and taxable net income for State of Minnesota income tax purposes.

Qualified Tax-Exempt Obligation. This Note has been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that 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 and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the City has covenanted and agreed with the holder of this Note that it will impose and collect charges for the service, use and availability of and connection to the Water System at the times and in amounts necessary to produce net revenues adequate to pay all principal and interest when due on this Note; that the City will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property in the City, without limitation as to rate or amount, for the years and in amounts sufficient to pay the installments of principal and interest on this Note as they respectively become due, if the net revenues from the Water System and any other revenues irrevocably appropriated to said PFA Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Menahga, Wadena County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the manual signatures of its Mayor and of its Temporary City Administrator, and the corporate seal of the City having been intentionally omitted as permitted by law, all as of (DO NOT DATE), 2022.

CITY OF MENAHGA, WADENA COUNTY, MINNESOTA

(DO NOT SIGN)
Mayor

(DO NOT SIGN)
Temporary City Administrator

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or his, her or its legal representative last noted below.

DATE OF REGISTRATION	REGISTERED OWNER	SIGNATURE OF CITY ADMINISTRATOR
(DO NOT DATE)	Minnesota Public Facilities Authority Saint Paul, Minnesota Federal Employer Identification No. 41-6007162	(DO NOT SIGN)

7. Execution. The Note shall be executed on behalf of the City by the electronic signatures or manual signatures of its Mayor and Temporary City Administrator; the seal of the City has been intentionally omitted as permitted by law. The electronic signature of the Mayor and/or the Temporary City Administrator to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or a similarly digitally auditable signature gathering process; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message. In the event of disability or resignation or other absence of either such officer, the Note may be signed by electronic signature or manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

8. Delivery; Application of Proceeds. The Note when so prepared and executed shall be delivered by the Temporary City Administrator to the purchaser thereof prior to disbursements pursuant to the PFA Loan Agreement, and the purchaser shall not be obliged to see to the proper application thereof.

9. Fund and Accounts. There has heretofore been created a separate fund in the City treasury designated the Water Fund (the "Fund"). The City Administrator and all municipal officials and employees concerned therewith shall maintain financial records of the receipts and disbursements of the Water System in accordance with the resolutions establishing the Fund. The Operation and Maintenance Account heretofore established by the City for the Water System shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Account shall constitute and are referred to as "net revenues" until the Note has been paid. There shall be maintained in the Fund the following accounts:

(a) A "PFA Construction Account", to which shall be credited all proceeds received from the sale of the Note. The Note shall be the only source of moneys credited to the PFA Construction Account. It is recognized that the sale proceeds of the Note are received in reimbursement for costs expended on the Project or in direct payment of such costs, and that accordingly the moneys need not be placed in the PFA Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The moneys in the PFA Construction Account shall be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Minnesota Statutes, Section 475.65, provided that such moneys shall only be expended for costs and expenses which are permitted under the PFA Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved. Upon completion of the Project and the payment of the costs thereof, any surplus shall be transferred to the PFA Debt Service Account.

(b) A "PFA Debt Service Account", to which shall be irrevocably appropriated, pledged and credited: (1) net revenues of the Water System in an amount sufficient to pay the principal of, and interest on, the Note when due; (2) any collection of taxes which may hereafter be levied in the event the net revenues of the Water System herein pledged for the payment of the Note are insufficient therefor; (3) all investment earnings on moneys held in the PFA Debt Service Account; (4) any amounts transferred from the PFA Construction Account; and (5) any other moneys which are properly available and are appropriated by the City Council to the PFA Debt Service Account. The moneys in the PFA Debt Service Account shall be used only to pay or prepay the principal of, and interest on, the Note and any other general obligation bonds hereafter issued and made payable from the PFA Debt Service Account, and to pay any rebate due to the United States with respect to the PFA Bonds in connection with the Note.

No portion of the proceeds of the Note shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Note was issued, and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Note or $100,000. To this effect, any proceeds of the Note or any sums from time to time held in the PFA Construction Account, Operation and Maintenance Account or PFA Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Note) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, moneys in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Note to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

The City shall observe the covenants of paragraphs 16, 18 and 19 of this resolution and of Article 3 of the PFA Loan Agreement with regard to the Fund.

10. Coverage Test; Pledge of Net Revenues; Excess Revenues. It is hereby found, determined and declared that the net revenues of the Water System are sufficient in amount to pay when due the principal of and interest on the Note and the Outstanding Water Bond and a sum at least five percent in excess thereof. The net revenues of the Water System are hereby pledged on a parity lien with the Outstanding Water Bond, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the Note. Excess net revenues may be used for any proper purpose. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Water System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that estimated net revenues of the Water System will be sufficient, in addition to all other sources, for the payment of the Note and such additional obligations, and any such pledge and appropriation of net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

11. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the holder of the Note that it will impose and collect charges for the service, use and availability of and connection to the Water System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Note.

12. General Obligation Pledge. The full faith, credit and taxing powers of the City shall be, and are hereby, irrevocably pledged for the prompt and full payment of the principal and interest on the Note, as the same respectively become due. If the net revenues of the Water System appropriated and pledged to the payment of principal and interest on the Note, together with other funds irrevocably appropriated to the PFA Debt Service Account shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as they become due. If the balance in the PFA Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other obligations payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed, with or without interest, from the PFA Debt Service Account when a sufficient balance is available therein.

13. Certificate of Registration. The Temporary City Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Wadena County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register.

14. Bond Purchase and Project Loan Agreement. The PFA Loan Agreement is hereby approved in substantially the form presented to the City Council, and in the form executed by electronic signatures or manual signatures is hereby incorporated by reference and made a part of this resolution. The electronic signature of the Mayor and/or the Temporary City Administrator to this PFA Loan Agreement and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or a similarly digitally auditable signature gathering process; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message. Each and all of the provisions of this resolution relating to the Note are intended to be consistent with the provisions of the PFA Loan Agreement, and to the extent that any provision in the PFA Loan Agreement is in conflict with this resolution as it relates to the Note, that provision shall control and this resolution shall be deemed accordingly modified. The City's execution and delivery of the PFA Loan Agreement by the Mayor and Temporary City Administrator is hereby approved, ratified and authorized. The execution of the PFA Loan Agreement by the appropriate officers shall be conclusive evidence of the approval of the PFA Loan Agreement in accordance with the terms hereof. The PFA Loan Agreement may be attached to the Note, and shall be attached to the Note if the holder of the Note is any person other than the PFA.

15. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the City relating to the Note and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

16. Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Note to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the Note that would cause it to be a private activity bond, and the average term of the Note is not longer than reasonably necessary for the governmental purpose of the issue. The City hereby covenants not to use the proceeds of the Note in such a manner as to cause the Note to be a "hedge bond" within the meaning of Section 149(g) of the Code.

The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangement for the cost of the Project, in such a manner as to cause the PFA Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that it will take no actions over the term of the Note that would cause the PFA Bonds to be private activity bonds, and the average term of the Note is not longer than reasonably necessary for its governmental purpose.

17. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Note, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for

the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar preliminary costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Note, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of $100,000 or five percent of the proceeds of the Note.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Note or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Note, and not later than three years after the later of (i) the date of the payment of the Reimbursement Expenditure, or (ii) the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of note proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Note is issued, shall be treated as made on the day the Note is issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Note stating in effect that such action will not impair the tax-exempt status of the Note.

18. Tax-Exempt Status of the Note; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Note, and (c) the rebate of excess investment earnings to the United States if the Note (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceeds the small-issuer exception amount of $5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing $5,000,000 or less of bonds, the City hereby finds, determines and declares that (a) the Note is issued by a governmental unit with general taxing powers, (b) the Note is not a private activity bond, (c) ninety-five percent or more of the net proceeds of the Note are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and (d) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Note is issued and outstanding at one time is not reasonably expected to exceed $5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

19. Tax-Exempt Status of the PFA Bonds; Rebate. The City with respect to the Note shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the PFA Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations

on amounts invested at a yield greater than the yield on the PFA Bonds, and (c) the rebate of excess investment earnings to the United States. The City covenants and agrees with the PFA and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note which are considered gross proceeds of the PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the PFA Bonds shall not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the City hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause the PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and Temporary City Administrator shall furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA. The proceeds of the Note will likewise be used in such manner that the Note is not a private activity bond under Section 103(b) of the Code.

20. Designation of Qualified Tax-Exempt Obligation. In order to qualify the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Note is issued after August 7, 1986;

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

(c) the City hereby designates the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code;

(d) 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 City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2022 will not exceed $10,000,000;

(e) not more than $10,000,000 of obligations issued by the City during this calendar year 2022 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Note does not exceed $10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

21. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

22. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Jody Bjornson and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

Jody Bjornson, Durwin Tomperi, Daniel Warmbold, Robyn Keranen, Elizabeth Olson

and the following voted against the same: None

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF WADENA
CITY OF MENAHGA

I, the undersigned, being the duly qualified and acting Deputy Clerk of the City of Menahga, Minnesota DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to the $614,500 General Obligation Water Revenue Note of 2022A.

WITNESS my hand and the City's seal on October 31, 2022.

Deputy Clerk

(SEAL)