

RESOLUTION NO. 2019-099

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

HELD: November 6, 2019

Pursuant to due call and notice thereof, a regular or special meeting of the City of Brownton, McLeod County, Minnesota, was duly called and held at the City Hall on Thursday, November 6, 2019, at 7:00 P.M., for the purpose in part of amending its \$4,718,560 General Obligation Temporary Utility Revenue Bond, Series 2018A.

The following members were present: Schwarze, Carrigan, Block, Copley, Messner.

and the following were absent: NA

Member Block introduced the following resolution and moved its adoption:

RESOLUTION AMENDING THE \$4,718,560 GENERAL OBLIGATION TEMPORARY
UTILITY REVENUE BOND, SERIES 2018A AND PROVIDING FOR ITS REISSUANCE

A. WHEREAS, the City of Brownton, Minnesota (the "City"), has heretofore issued its \$4,718,560 General Obligation Temporary Utility Revenue Bond, dated June 19, 2018 (the "Bond"), by resolution duly adopted on June 5, 2018 (the "Bond Resolution"), pursuant to Minnesota Statutes, Chapters 444 and 475, to temporarily finance improvements to the municipal sanitary sewer system and the municipal water system (together, the "System") in the City (the "Project") in anticipation of a long-term federal loan; and

B. WHEREAS, the Bond is tax-exempt and the City will need to assure the tax-exemption of the Bond; and

C. WHEREAS, due to certain unanticipated events which have led to delays in the construction of the Project, the City has requested Bremer Bank, National Association (the "Purchaser") to make certain modifications to the Bond that will allow the City to extend the Bond's final maturity date, while continuing to make payments on the Bond; and

D. WHEREAS, the Purchaser has agreed to make such modifications.

NOW, THEREFORE, BE IT RESOLVED by the City of Brownton, McLeod County, Minnesota, as follows:

1. Amendment to Bond Terms. The Bond shall be amended so that the maturity date is extended to February 1, 2021. The Bond shall bear interest at the same interest rate on so much of the principal amount of the Bond as remains unpaid until the principal amount of the Bond has been paid or has been provided for.

2. Form of Allonge. The Bond, shall be amended by an allonge (the "Allonge") substantially the following form:

ALLONGE

FIRST AMENDMENT TO \$4,718,560
GENERAL OBLIGATION TEMPORARY UTILITY REVENUE BOND, SERIES 2018A

WHEREAS, on June 19, 2018, the City of Brownton, Minnesota (the "City") issued its \$4,718,560 General Obligation Temporary Utility Revenue Bond, Series 2018A (the "Bond") promising to pay Bremer Bank, National Association (the "Purchaser"), pursuant to a resolution adopted June 5, 2018, authorizing the issuance of the Bond (the "Resolution"); and

WHEREAS, the City and the Purchaser have agreed to amend the Bond to extend the maturity date therefor; and

WHEREAS, this Allonge is authorized to be attached to the Bond to evidence the amendments made hereby.

1. This Bond is hereby amended by deleting the stated maturity date of February 1, 2020, and replacing it with a maturity date of February 1, 2021. All references in the Bond to the Bond's maturity date shall mean February 1, 2021.

2. All other terms and provisions of the Bond remain in full force and effect.

Dated: November 6th, 2019.

CITY OF BROWNTON, MINNESOTA

By _____
Its Mayor

By _____
Its Clerk/Treasurer

Bremer Bank, National Association, hereby agrees to the above Amendment.

BREMER BANK,
NATIONAL ASSOCIATION

By _____
Its _____

3. Execution. The Allonge shall be executed on behalf of the City by the signatures of its Mayor and its Clerk/Treasurer and be sealed with the seal of the City; provided, however, that the seal of the City may be intentionally omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Allonge may be signed by the 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 Allonge shall cease to be such officer before the delivery of the Allonge, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

4. Pledge of Proceeds of Definitive Bond or Additional Temporary Bond and Net Revenues; Coverage Test; Excess Net Revenues. To provide moneys for the prompt and full payment of principal and interest on the Bond, the City shall issue and sell a definitive bond or additional temporary bonds for delivery and payment at or prior to the maturity date of the Bond. The proceeds of a definitive bond or additional temporary bonds, together with estimated net revenues of the System, are hereby found, determined and declared to be sufficient in amount to pay when due one hundred five percent of the principal of and interest on the Bond. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal and interest on any outstanding bond or other obligations, to which the net revenues of the System are pledged for the payment thereof (the "Outstanding System Bonds"), and a sum at least five percent in excess thereof. The net revenues of the System, together with the proceeds of additional temporary bonds or definitive bonds to be issued, are sufficient in amount to pay the Outstanding System Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged for the payment of the Bond on a parity lien with the Outstanding System Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bond as the same become due. Excess net revenues of the System may be used for any proper purpose. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System together with the proceeds of a definitive bond or additional temporary bond will be sufficient, in addition to all other sources, for the payment of the Bond 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.

5. Conditions Prior to Issuance of Definitive Bonds and Prepayment of the Bond. It is hereby found, determined and declared that all conditions precedent to the offering of definitive bonds of the City have been met and exist.

6. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Purchaser of the Bond, or any subsequent holder of the Bond, that it will impose and collect charges for the service, use and availability of and connection to the System at the times and in the amounts required to produce net revenues adequate, together with proceeds of the definitive bond or additional temporary bond, to pay all principal and interest when due on the Bond.

7. General Obligation Pledge. The full faith, credit and taxing powers of the City have been and shall be, and are hereby, irrevocably pledged for the prompt and full payment of the principal and interest on the Bond, as amended, as the same respectively become due. If the 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 Bond, 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.

8. Certificate of Registration. The Clerk-Treasurer is hereby directed to file a certified copy of this resolution with the County Auditor of McLeod County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bond, as amended, has been entered in the County Auditor's Bond Register.

9. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Allonge, certified copies of all proceedings and records of the City relating to the Bond 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 Bond, as amended, 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.

10. Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Bond, as amended, 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 Bond, as amended, 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 Bond that would cause it to be a private activity bond. The City hereby covenants not to use the proceeds of the Bond, as amended, in such a manner as to cause the Bond to be a "hedge bond" within the meaning of Section 149(g) of the Code. The average term of the Bond is not longer than reasonably necessary for its governmental purpose.

11. Consent to Representation. The City hereby consents to the representation by Briggs and Morgan, Professional Association, which is acting as the City's bond counsel with respect to the Allonge.

12. 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.

13. 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.

14. Full Force and Effect. Except as amended hereby the Bond Resolution remains in full force and effect.

The motion for the adoption of the foregoing resolution was duly seconded by member Carrigan and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Schwarze, Carrigan, Block, Copler, Messner.

and the following voted against the same: NA

Whereupon the resolution was declared duly passed and adopted.