

PROCEEDINGS OF THE  
SPECIAL MEETING OF THE MARTIN COUNTY  
BOARD OF COMMISSIONERS  
TUESDAY, AUGUST 11, 2009  
@ 9:30 A.M.

The meeting was called to order by Chairman Donnelly at 9:30 a.m. Commissioners present were Potter, Pierce, and Boler. Commissioner Schmidtke was absent. Also present were Scott Higgins, Martin County Coordinator, James Forshee, Martin County Auditor/Treasurer, Monte Rohman, City of Truman Clerk/Treasurer, Rod Halvorsen, KSUM/KFMC Radio, Deb Mosloski, Martin County Drainage Administration, Bill Fahey, Northland Securities (County Financial Consultant), and Julie Walters, Administrative Assistant.

Fahey presented and reviewed a resolution accepting the offer of the Minnesota Public Facilities Authority (PFA) to purchase a \$695,250 General Obligation Drainage Ditch Note, Series 2009 Providing for its Issuance, and Authorizing Execution of a Project Loan Agreement; the purpose of which is to finance improvements to Judicial Ditch No. 47, specifically the replacement of a tile ditch with an open ditch to eliminate storm water inflow to the wastewater treatment system for the City of Truman.

Fahey stated that Martin County has applied for a loan from the PFA and the PFA has committed to make a loan to Martin County in the principal amount of \$695,250 to be disbursed and repaid in accordance with the terms of a Bond Purchase and Project Loan Agreement dated August 3, 2009. Fahey went on to state the resolution authorizes, under Section 2, the execution of the loan agreement which Jim Forshee, Martin County Auditor/Treasurer, has in his possession. Fahey continued the note is a twenty year transaction and that upon closing (taking place within a period of two or three weeks) the County will be able to draw upon funds for Judicial Ditch No. 47 bill payment; as well as subsequent payment of bills subject to PFA notification. Fahey recommends approving the resolution which by doing so, initiates loan agreement approval with the state.

Motion by Commissioner Boler, seconded by Commissioner Pierce,

R-#37/'09

Extract of Minutes of Meeting  
of the Board of Commissioners of  
Martin County, Minnesota

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners of Martin County, Minnesota, was duly held in the County Courthouse in the City of Fairmont on Tuesday, August 11, 2009 commencing at 9:30 A.M.

The following members were present: Commissioners Donnelly, Potter, Pierce, and Boler.

and the following were absent: Commissioner Schmidtke.

\*\*\*

\*\*\*

\*\*\*

The following resolution was presented by Boardmember Boler, who moved its adoption:

RESOLUTION NO. R-#37/'09

ACCEPTING THE OFFER OF THE MINNESOTA  
PUBLIC FACILITIES AUTHORITY TO  
PURCHASE A \$695,250 GENERAL OBLIGATION  
DRAINAGE DITCH NOTE, SERIES 2009 PROVIDING  
FOR ITS ISSUANCE, AND AUTHORIZING  
EXECUTION OF A PROJECT LOAN AGREEMENT

BE IT RESOLVED By the Board of Commissioners of Martin County, Minnesota (the "Issuer") as follows:

Section 1. Recitals.

- a) The Minnesota Public Facilities Authority (the "PFA") is authorized pursuant to Minnesota Statutes, Chapters 446A as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds of the agency available for such purpose in the Clean Water Revolving Fund, to provide loans to political subdivisions of the state to fund eligible costs of construction of sanitary sewer collection systems (the "Program").
- (b) The Issuer is authorized to issue its obligations pursuant to Minnesota Statutes, Chapters 103E and 475 (the "Act"), for the purpose of financing improvements to Judicial Ditch No. 47, specifically the replacement of a tile ditch with an open ditch to eliminate storm water inflow to the wastewater treatment system for the City of Truman (the "Project").
- (c) The Issuer has applied for a loan from the PFA pursuant to the Program, and the PFA has committed to make a loan to the Issuer in the principal amount of \$695,250, to be disbursed and repaid in accordance with the terms of a Bond Purchase and Project Loan Agreement (the "Project Loan Agreement") dated as of August 3, 2009 to be executed by the Issuer and the PFA, in substantially the form now on file with the County Auditor/Treasurer. The Project Loan Agreement, as executed, is incorporated herein by reference as Exhibit A. The execution of the Project Loan Agreement is in accordance with the terms hereof.

- (d) In accordance with Section 475.60, subdivision 2(4) of the Act, the Issuer 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.
- (e) Contracts for the Project have been or will be made by the County with the approval of the PFA and all other state and federal agencies of whose approval is required.

Section 2. Acceptance of Offer: Payment.

- (a) The Issuer hereby accepts the offer of the PFA to purchase the General Obligation Drainage Ditch Note, Series 2009 (the "Note") to be issued by the County in the original aggregate principal amount of \$695,250 at the rate of interest hereinafter set forth, and to pay therefor the par amount of the Note as provided below, is accepted, and the sale of the Note is awarded to the PFA. Payment for the Note is to be disbursed in installments as eligible costs of the Project reimbursed or paid, all as provided in the Project Loan Agreement. The terms set forth in this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution, the Project Loan Agreement will control.
- (b) The Note is to be issued in the aggregate principal amount of \$695,250, originally and nominally dated as of date of delivery as a fully registered Note without coupons. The Note will be in the denomination of the entire principal amount thereof, numbered R-1 and bear interest and mature in installment amounts as specified in Section 3 hereof.
- (c) The Note is subject to redemption and prior payment as provided in the Project Loan Agreement.
- (d) Interest and principal in the installment amounts set out in Exhibit A to the Note are payable by wire transfer, or if by check or draft of the Issuer or its designated Registrar, mailed no later than five (5) business days prior to the payment date to the registered holder thereof at the holder's address as it appears on the bond register at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Section 3. Date: Denomination: Interest Rates. The Note will be a fully registered negotiable obligation, dated as of date of delivery and issued forthwith. The Note is in the following form:

No. R-1	UNITED STATES OF AMERICA STATE OF MINNESOTA COUNTY OF MARTIN	\$695,250
---------	--	-----------

GENERAL OBLIGATION DRAINAGE DITCH NOTE, SERIES 2009

Date of Original Issue:

The County of Martin, a duly organized and existing political subdivision of the State of Minnesota (the “Issuer”), certifies that it is indebted for value received and promises to pay to the Minnesota Public Facilities Authority or registered assigns, the principal sum of \$695,250, or so much thereof as may have been disbursed on August 20 in the years and in the installments as follows:

<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>
2010	\$27,250	2020	\$35,000
2011	32,000	2021	35,000
2012	32,000	2022	36,000
2013	33,000	2023	36,000
2014	33,000	2024	37,000
2015	33,000	2025	37,000
2016	34,000	2026	37,000
2017	34,000	2027	38,000
2018	34,000	2028	38,000
2019	35,000	2029	39,000

and to pay interest on so much of the principal amount of the debt as may be disbursed from time to time as provided in the Project Loan Agreement (as defined below) and remains unpaid, from the date of this Note for disbursements made on or prior to that date or from the date of each later disbursement until the principal amount hereof is paid or has been provided for, at the rate of 1.00% per annum from August 3, 2009, and thereafter on each February 20 and August 20 commencing February 20, 2010.

Principal and Interest Payments. Interest accrues only on the aggregate amount of this Note that has been disbursed under the Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of August 3, 2009, by and between the County and the Minnesota Public Facilities Authority (the “Project Loan Agreement”). The principal installments that will 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 to the extent any principal amount of this Note is never disbursed, the amount of the principal not disbursed is to 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 is to 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 transfer of immediately available funds, or by check or draft mailed at least five (5) 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.

The County Board has designated the issue of Bonds of which this Bond forms a part as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) relating to disallowance of interest expense for financial institutions and within the \$30 million limit allowed by the Code for the calendar year of issue.

Redemption. This Note is subject to redemption and prepayment in whole or in part at the option of the County and mandatorily as provided in the Project Loan Agreement. If redemption is in part, installments of principal payable last under this Note must be prepaid first, unless the County and the holder of this Note agree to a different manner of payment.

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 eligible project costs of the County’s judicial drainage ditch system, and is payable out of the PFA Debt Service Fund of the County, to which account have been pledged net drainage liens filed against properties benefitted by the judicial drainage ditch system. This Note constitutes a general obligation to the County, and to provide money for the prompt and full payment of said principal installments and interest when the same become due, the full faith and credit and taxing powers of the County have been and are hereby irrevocably pledged.

Registration: Transfer. This Note must be registered in the name of the payee on the books of the County by presenting this Note for registration to the County Auditor/Treasurer, who will endorse the County Auditor/Treasurer’s 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 owner’s legal representative, and the County 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 County Auditor/Treasurer.

Fees Upon Transfer or Loss. The County Auditor/Treasurer 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.

Project Loan Agreement. The terms and conditions of the Project Loan Agreement are incorporated herein by reference and made a part hereof. The Project Loan Agreement may be attached to this Note and must 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 County 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.

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 required by law; that the County 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 its municipal sewer 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 County will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property in the County, without limitation as to rate or amount, if the net revenues from the municipal sewer system and any other revenues irrevocably appropriated to the Debt Service Fund are insufficient therefor; and that this Note, together with all other debts of the County 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 County of Martin, Minnesota, has caused this Note to be executed with the manual signatures of its Chair and County Auditor/Treasurer, both as of the nominal date of original issue specified above.

MARTIN COUNTY, MINNESOTA

By \_\_\_\_\_  
Chair

By \_\_\_\_\_  
County Auditor/Treasurer

CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This is the Note described above and has been registered as to the principal and interest in the name of the Registered Owner identified below on the registration books of the Auditor/Treasurer of the County. The transfer of ownership of the principal amount of this Note may be made only by the Registered Owner or by the Registered Owner's legal representative last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of County Auditor/Treasurer</u>
-----------------------------	-------------------------	--

	Minnesota Public Facilities Authority Federal Employer I.D. No. 41-6007162	
--	---	--

Section 4. Execution. The Note is to be executed on behalf of the County by the manual or facsimile signatures of its Chair and Auditor/Treasurer, and is to be authenticated by the manual signature of the Auditor/Treasurer, acting as authenticating agent of the County. In the event of disability or resignation or other absence of any of such officers, the Note may be signed by any officer who is authorized to act on behalf of such absent or disabled officer. If an officer whose signature will appear on the Note ceases to be such officer before the delivery of the Note, such officer's signature will nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 5. Delivery: Application of Proceeds. The Note when so prepared and executed will be delivered by the Auditor/Treasurer to the PFA prior to disbursements pursuant to the Project Loan Agreement and the purchaser is not obliged to see to the proper application thereof.

Section 6. Payment; Security; and Pledges.

- (a) The Note is payable from the Drainage Ditch Note, Series 2009 Debt Service Fund (the "Debt Service Fund") hereby created, and the proceeds of drainage liens (the "Drainage Liens") filed or to be filed against properties benefited by the Project described in Section 1 are hereby pledged to the Debt Service Fund. If a payment of principal or interest on the Note becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the County Auditor/Treasurer is directed to pay such principal or interest from the general fund of the County, and the general fund will be reimbursed for those advances out of the proceeds of Drainage Liens when collected.
- (b) Capital Fund. All proceeds from the sale of the Note will be credited to the Capital Fund. The Note is the only source of money to be credited to the Capital

Fund. 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 money need not be placed in the Capital Fund upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. Money in the Capital Fund is to be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Section 475.65 of the Act, provided that such money may only be expended for costs and expenses which are permitted under the Project Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the County unless otherwise specifically approved by the PFA. Upon completion of the Project and the payment of the costs thereof, any surplus is to be transferred to the Debt Service Fund.

- (c) Yield Restriction. No portion of the proceeds of the Note may 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 (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Note was issued, and (ii) in addition to the above in an amount not greater than the lesser of five percent (5%) 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 Capital Fund (or any other County account which will be used to pay principal of or interest on the Note) in excess amounts which under then applicable federal arbitrage regulations may be invested without regard to yield will not be invested at a yield in excess of the applicable yield restrictions imposed by the 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, money in the Debt Service Fund will 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 Internal Revenue Code of 1986, as amended (the "Code").

The County will observe the covenants of Sections 13, 14 and 15 of this resolution and of Article III of the Project Loan Agreement with regard to the Debt Service Fund.

Section 7. No Tax Levy Required. It is hereby determined that the estimated collections of Drainage Liens and interest thereon 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.

Section 8. County Covenants. It is hereby determined that the Project will directly and indirectly benefit abutting property, and the County hereby covenants with the holder of the Note as follows:



- (a) The County has caused or will cause the Drainage Liens for the Improvements to be promptly filed so that the first installment will be collectible not later than 2010 and will take all steps necessary to assure prompt collection, and the filing of the Drainage Liens is hereby authorized.
- (b) In the event of any current or anticipated deficiency in Drainage Liens, the County Board will levy ad valorem taxes in the amount of the current or anticipated deficiency.
- (c) The County will keep complete and accurate books and records showing: receipts and disbursements in connection with the Project, Drainage Liens filed therefor and other funds appropriated for its payment, collections thereof and disbursements therefrom, monies on hand, and the balance of unpaid Drainage Liens.
- (d) The County will cause its books and records to be audited at least annually and will furnish copies of such audit reports to any interested person upon request.

Section 9. General Obligation Pledge. The full faith and credit and taxing powers of the Issuer will be, and are irrevocably pledged for the prompt and full payment of the principal of and interest on the Note as the same respectively become due. If the Drainage Liens appropriated and pledged to the payment of principal and interest on the Note are at any time insufficient to pay such principal and interest when due, the Issuer covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the County sufficient to pay such principal and interest as the same become due.

Section 10. Certificate of Registration. The Auditor/Treasurer is authorized and directed to file a certified copy of this resolution with the County Auditor/Treasurer of Martin County, Minnesota, together with such other information as the County Auditor may require, and to obtain the County Auditor/Treasurer's certificate that the Note has been entered in the County Auditor/Treasurer's Bond Register.

Section 11. Project Loan Agreement. The Project Loan Agreement is approved in substantially the form presented to the County Board, and in the form executed is incorporated by reference and made a part of this resolution. The provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution as it relates to the Note, that provision controls. The execution and delivery of the Project Loan Agreement by the Chair and County Auditor/Treasurer are hereby authorized and ratified. The execution of the Project Loan Agreement by the appropriate officers is conclusive evidence of the approval of the Project Loan Agreement in accordance with the terms hereof. The Project Loan Agreement may be attached to the Note, and must be attached to the Note if the holder of the Note is any person other than the PFA.

Section 12. Records and Certificates. The officers of the Issuer 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 Issuer relating to the Note and to the financial condition and affairs of the County, 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, are to be deemed representations of the Issuer as to the facts recited therein.

Section 13. Negative Covenants as to Use of Proceeds and Project. The County 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 County 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 County 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.

Section 14. Tax-Exempt Status of the Note: Rebate. The County will 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 (i) requirements relating to temporary periods for investments; (ii) limitations on amounts invested at a yield greater than the yield on the PFA Bonds; and (iii) the rebate of excess investment earnings to the United States.

Section 15. Tax-Exempt Status of the PFA Bonds: Rebate. The County with respect to the Note will 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 (i) requirements relating to temporary periods for investments; (ii) limitations on amounts invested at a yield in excess of the applicable yield restrictions imposed by the Code; and (iii) the rebate of excess investment earnings to the United States. The County 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, will be limited as to amount and yield in such manner that the PFA Bonds will 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 County 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 County Auditor/Treasurer will 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 Issuer 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, will be limited as to amount and yield in such manner that the PFA Bonds will 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 Issuer 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 Chair and County Auditor/Treasurer will furnish an arbitrage certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA.

Section 16. Severability. If any section, paragraph or provision of this resolution is held to be invalid or unenforceable for any reason, the validity or unenforceability of such section, paragraph or provision will not affect any of the remaining provisions of this resolution.

Section 17. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and do not limit or define the meaning of any provision hereof.

(The remainder of this page is intentionally left blank.)

The motion for the adoption of the foregoing resolution was duly seconded by Boardmember Pierce, and upon vote being taken thereon the following members voted in favor of the motion: Commissioners Potter, Donnelly, Pierce, and Boler.

and the following voted against: None.

whereupon the resolution was declared duly passed and adopted.

Adopted this 11<sup>th</sup> day of August, 2009.

---

Chair

Attest:

---

County Auditor/Treasurer

EXHIBIT A TO SALE RESOLUTION

PROJECT LOAN AGREEMENT

STATE OF MINNESOTA            )  
  )  
COUNTY OF MARTIN            )

I, the undersigned, being the duly qualified and acting County Auditor/Treasurer of Martin County, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the County Board of said County held on August 11, 2009 with the original thereof on file in my office and the same is a full, true and correct copy thereof, insofar as the same relates to the issuance and sale of \$695,250 General Obligation Drainage Ditch Note, Series 2009 of the Issuer.

WITNESS My hand as such County Auditor/Treasurer and the corporate seal of the Issuer this 11<sup>th</sup> day of August, 2009.

\_\_\_\_\_  
County Auditor/Treasurer

Roll Call AYES: Commissioners Potter, Donnelly, Pierce, and Boler. NAYS: None. Commissioner Schmidtke was absent. Duly passed and adopted this 11<sup>th</sup> day of August, 2009.

With no further business to wit, Chairman Donnelly declared the meeting adjourned at 10:10 a.m.

BOARD OF COMMISSIONERS  
MARTIN COUNTY, MN

\_\_\_\_\_  
Steve Donnelly, Chair

ATTEST: \_\_\_\_\_  
          Scott Higgins, County Coordinator