

**MINUTES - BENSON CITY COUNCIL - REGULAR MEETING
NOVEMBER 20, 2017**

The meeting was called to order at 5:30 p.m. by Mayor Landmark. Members present: Terri Collins, Jack Evenson, Gary Landmark, Stephanie Heinzig & Lucas Olson. Members Absent: None. Also present: City Manager Rob Wolfington, Director of Finance Glen Pederson, Shelly Eldridge with Ehlers and Associates, Mark Schreck, Jerry Peterson and Sally Jones from the Benson Golf Course.

The Council recited the Pledge of Allegiance.

Mayor Landmark asked if there were any changes to the agenda. Wolfington asked to add the Xcel Public Utility Commission (PUC) Hearing. It was moved by Evenson, seconded by Collins and carried unanimously to approve the amended agenda.

It was moved by Evenson, seconded by Olson and carried unanimously to approve the following items on the Consent Agenda:

- November 6, 2017 City Council Minutes
- May 17, 2017 Cemetery Board Meeting
- October 19, 2017 EDA Meeting
- November 2, 2017 Safety Meeting
- November 14, 2017 Special City Council Meeting
- MnDOT Office of Aeronautics Heliport License Letter
- Swift County All-Hazard Mitigation Plan Task Force Meeting

The Mayor asked for people with unscheduled business to which there were none.

Shelly Eldridge with Ehler's and Associates approached the Council to discuss the presale report for the Electric Revenue Refunding Bonds, Series 2017A. This will refinance bonds issued in 2007, which will save the City approximately \$112,500 per year, and \$1 million over the life of the bond. After discussion, councilmember Evenson offered the following resolution:

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF
\$3,712,000 ELECTRIC REVENUE REFUNDING BOND, SERIES 2017A
(RESOLUTION NO. 2017 -29)**

A. WHEREAS, the City of Benson, Minnesota (the "City" or "Issuer") owns and operates the Benson Electric Utility (the "Electric Utility") and has heretofore, pursuant to law, created an Electric Fund into which all revenues of the Electric Utility are paid; and

B. WHEREAS, pursuant to a resolution adopted October 14, 2007 (the "Prior Resolution") the Issuer authorized the issuance and sale of \$6,890,000 Electric Revenue Bonds, Series 2007A, dated October 16, 2007 (the "Prior Bonds") for the purpose of providing funds to finance system improvements to the Electric Utility including upgrading transmission lines, and substation and transformers to improve efficiency and capacity, and for a full net cash refunding of the outstanding principal amount of the City's \$3,635,000 Electric Revenue Bonds, Series 2000, dated December 9, 2000 previously issued to finance the purchase and installation of five 1860 KW standby generators at the existing power plant of the Electric Utility. There are presently outstanding \$4,160,000 in principal amount of the Prior Bonds and paragraph 4 (a) of the Prior Resolution provides as follows:

<u>Year</u>	<u>Amount</u>
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2018	\$340,000
2020	725,000
2021	385,000
2023	825,000
2024	440,000
2027	1,445,000

C. WHEREAS, the net revenues of the Electric Utility are pledged to the payment of the Prior Bonds and other than the Prior Bonds, there are no bonds, certificates or other obligations payable out of the net revenues of the Electric Utility constituting a lien or charge upon the revenues thereof; and

D. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to provide moneys for a current refunding, on December 28, 2017 (the "Call Date") of the Prior Bonds (the "Refunded Bonds"); and

E. WHEREAS, the refunding of the Prior Bonds is consistent with covenants made with the holders of the Prior Bonds and is necessary and desirable for the reduction of debt service cost to the City; and

F. WHEREAS, the City Council has heretofore determined that it is necessary and expedient to issue a \$3,712,000 Electric Revenue Refunding Bond, Series 2017A (the "Bond"), pursuant to Minnesota Statutes, Chapter 475, to provide moneys for a current refunding of the Refunded Bonds (the "Refunding") on the Call Date; and

G. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent municipal advisor for the sale of the Bond and was therefore authorized to sell the Bond by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and a proposal to purchase the Bond has been solicited by Robert W. Baird & Co., Inc.; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Benson, Minnesota, as follows:

1. Findings. It is hereby found, determined and declared that it is advisable, expedient and necessary to issue the Bond to finance the Refunding.
2. Sufficiency of Net Revenues. The estimated revenues to be derived from the operation of the Electric Utility during the term of the Bond will be more than sufficient to produce net revenues, after current costs of operation and maintenance, adequate to pay principal and interest when due on the Bond and to maintain reasonable reserves therefor.
3. Acceptance of Offer. The offer of Branch Banking and Trust Company, in Charlotte, North Carolina (the "Purchaser"), to purchase the Bond at the rate of interest hereinafter set forth and to pay therefore at a price of par, without accrued interest is hereby accepted.
4. Original Issue Date, Denominations, Maturities, Interest and Redemption. The City shall forthwith issue the Bond, which shall be in fully registered form shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple of \$1,000 in excess thereof of a single maturity (the "Authorized Denominations") and be payable as provided in the form of the Bond.

5. Purpose; Refunding Findings. The Bond shall provide funds for a current refunding of the Refunded Bonds. It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67 and shall result in a reduction of debt service cost to the City.

6. Bond Registrar. The Finance Director/City Clerk, City of Benson, Minnesota, is appointed to act as Bond Registrar and transfer agent with respect to the Bond (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed. Any successor Bond Registrar shall act as Bond Registrar and transfer agent pursuant to any contract the City and successor Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bond shall be paid to the registered owners (or record owners) of the Bond in the manner set forth in the form of Bond.

7. Form of Bond. The Bond, together with the Certificate of Registration, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
SWIFT COUNTY
CITY OF BENSON

R-1 \$3,712,000

ELECTRIC REVENUE REFUNDING BOND, SERIES 2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.39%	June 1, 2027	December 5, 2017

REGISTERED OWNER: BRANCH BANKING AND TRUST COMPANY, CHARLOTTE, NORTH CAROLINA

PRINCIPAL AMOUNT: THREE MILLION SEVEN HUNDRED TWELVE THOUSAND DOLLARS

The City of Benson, Swift County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or assigns duly certified on the Certificate of Registration attached to and made a part of this Bond (the "Owner" or "Holder"), in the manner hereinafter set forth, the \$3,712,000 principal amount of this Bond in the principal installments due on June 1 of the years and in the amounts, respectively, as follows, with each such principal installment bearing interest until paid through mandatory sinking fund redemption at the interest rate of 2.39% per annum:

Principal Installments		Principal Installments	
<u>Due June 1</u>	<u>Amount</u>	<u>Due June 1</u>	<u>Amount</u>
2018	\$380,000	2023	\$368,000
2019	337,000	2024	378,000
2020	345,000	2025	387,000
2021	352,000	2026	395,000
2022	363,000	2027	407,000

In the event that the City shall fail to observe any covenant, agreement or representation in the Resolution (as hereinafter defined), which failure results in the interest on the Bond determined not to be exempt from Federal income tax, the interest rate shall increase to a rate equal to the current tax-exempt

rate of interest set forth in this Bond (2.39%) divided by 67.5%. In addition, the Issuer shall pay an amount equal to the difference between the interest paid at the tax-exempt rate and the interest which would have been paid if the interest rate would have been the taxable rate from the date that this Bond was determined to be taxable, plus any penalties, interest, assessments and additions to tax payable by the owner as a result of the loss of the tax-exempt status of interest on this Bond.

Interest. Interest shall be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2018, (each a "Payment Date") and shall be calculated on the basis of a 360 day year consisting of twelve thirty day months.

Payment. Principal installments and interest shall be paid by check, ACH debit, wire transfer or draft mailed to the Owner at the address listed on the Certificate of Registration attached to and made a part of this Bond. The payment of all principal and interest on this Bond, shall be made by the Finance Director/City Clerk, City of Benson, Minnesota (the "Bond Registrar"). The owner of this Bond shall not have to present this Bond to receive any payment hereunder, including any final payment of sinking fund redemption.

Optional Redemption. This Bond is subject to redemption and prepayment at the option of the Issuer on June 1, 2022, and on any Payment Date thereafter, in whole and not in part upon written notice to the Owner, at the redemption price equal to par plus accrued interest to date of prepayment.

Date of Payment Not a Business Day. If the nominal date for payment of any principal or interest on this Bond shall not be a business day of the Issuer or of the Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Issuance; Purpose; Special Obligations. This Bond is issued as a single instrument in the total principal amount of \$3,712,000, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on November 20, 2017 (the "Resolution") for the purpose of providing funds for a current refunding of the Issuer's Electric Revenue Bonds, Series 2007A, dated October 16, 2007 which mature or are subject to mandatory redemption on and after June 1, 2017 for the Issuer's municipal electric light and power plant and system (the "Electric Utility"), and is issued pursuant to and in full conformity with the provisions of the Charter of the Issuer, the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 475. The Bond and the interest thereon are payable solely and exclusively from the net revenues of the Electric Utility pledged to the payment thereof, and do not constitute a debt of the Issuer, within the meaning of any charter, constitutional or statutory limitation of indebtedness. In the event of any default hereunder, the Owner of this Bond may exercise any of the rights and privileges granted by the laws of the State of Minnesota subject to the provisions of the Resolution. The Bond of this issue is a first and prior lien upon the net revenues of the Electric Utility, except that the Issuer is authorized under certain conditions to issue additional revenue obligations on a parity of lien with the Bond, all as provided in the Resolution. This Bond is issuable in a minimum denomination of \$5,000 and any integral multiple of \$1,000 in excess thereof.

Remedies. The Owner may, either by law or in equity, by suit, action, or other proceedings, protect and enforce its rights or enforce and compel the performance of any and all of the covenants and duties specified in the Resolution to be performed by the Issuer or its officers and agents; provided, however, that nothing shall affect or impair the right of the Owner to enforce the payment of the principal of and interest on this Bond after the maturity, or the obligation of the Issuer to pay the principal of and interest on this Bond at the time and place, from the source and in the manner provided in the Resolution.

Transfer. This Bond is transferable by the Owner in person or by the Owner's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond

Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one new, fully registered Bond in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination or denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bond.

Treatment of Registered Owners. The Issuer and the Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as provided on the reverse side hereof with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Charter of the Issuer, the Constitution and the laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser does not exceed any charter, constitutional or statutory limitation of indebtedness; and that the Issuer will maintain rates and charges for the electric service furnished by the Electric Utility sufficient in an amount to promptly meet the principal and interest requirements of this issue.

IN WITNESS WHEREOF, the City of Benson, Swift County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the manual or facsimile signatures of its Mayor and its Finance Director/City Clerk, the corporate seal of the City having been intentionally omitted as permitted by law.

Date of Registration:

CITY OF BENSON,
SWIFT COUNTY, MINNESOTA

December 5, 2017

**BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION**

Mayor

This Bond is one of the Bond described in the Resolution mentioned within.

**REGISTRABLE BY AND
PAYABLE AT:**

Finance Director/City Clerk

Office of the Finance Director/
City Clerk
City of Benson, Minnesota

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last Bond below:

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Bond Registrar</u>
December 5, 2017	Branch Banking and Trust Company 5130 Parkway Plaza Boulevard Charlotte, NC 28217	
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____

8. Maturities, Interest Rate, and Payment. The Bond shall be dated December 5, 2017, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Bond shall be numbered R-1. The Bond shall be subject to mandatory sinking fund installments on June 1 in the years and amounts set forth below and shall bear interest at 2.39% from its date of original issue until paid or duly called for redemption as follows:

Principal Installments		Principal Installments	
<u>Due June 1</u>	<u>Amount</u>	<u>Due June 1</u>	<u>Amount</u>
2018	\$380,000	2023	\$368,000
2019	337,000	2024	378,000
2020	345,000	2025	387,000
2021	352,000	2026	395,000
2022	363,000	2027	407,000

In the event that the City shall fail to observe any covenant, agreement or representation in this Resolution, which failure results in the interest on the Bond determined not to be exempt from Federal income tax, the interest rate shall increase to a rate equal to the current tax-exempt rate of interest set forth in the Bond (2.39%) divided by 67.5%. In addition, the City shall pay an amount equal to the difference between the interest paid at the tax-exempt rate and the interest which would have been paid if the interest rate would have been the taxable rate from the date that the Bond was determined to be taxable, plus any penalties, interest, assessments and additions to tax payable by the owner as a result of the loss of the tax-exempt status of interest on the Bond.

The interest thereon and the principal installments, shall be payable by check, ACH debit, wire transfer or draft issued by the Bond Registrar described herein. Upon initial issuance and upon any subsequent transfer or exchange, the Bond Registrar shall note upon the 2017A Bond the date of authentication. The owner of the Bond shall not have to present the physical Bond to receive any payment, including any final payment or any mandatory sinking fund redemption.

9. Interest Payment Dates. The interest on the Bond shall be payable on June 1 and December 1 in each year, commencing June 1, 2018 (each a "Payment Date"), to the owner of record thereof.

10. Optional Redemption. The Bond is subject to redemption and prepayment in whole and not in part at the option of the City on June 1, 2022, and on any Payment Date thereafter at a price of par plus accrued interest. The Bond called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to each affected registered owner of the Bond shown on the Certificate of Registration.

11. Execution. The Bond shall be in typewritten form, shall be executed on behalf of the City by the manual or facsimile signatures of its Mayor and Finance Director/City Clerk, the seal having been omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bond may be signed by the 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 Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

12. Delivery; Application of Proceeds. The Bond when so prepared and executed shall be delivered by the Finance Director/City Clerk to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

13. Fund and Accounts. There has heretofore been created a special fund designated the "Electric Fund" administered and maintained by the Finance Director/City Clerk as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Operation and Maintenance Account heretofore established by the City for the Electric Utility 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 Prior Resolution shall constitute and are referred to as "net revenues" until the Bond has been paid. For the convenience and proper administration of the proceeds derived from the sale of the Bond and for the payment of principal of and interest on the Bond, the Electric Fund shall continue to be in effect, subject to the following accounts which are hereby established:

(a) Payment Account. The proceeds of the Bond shall be deposited in the Payment Account. On or prior to the Call Date, the Finance Director/City Clerk shall transfer \$4,174,161.03 of Bond proceeds, together with other funds on deposit in the Reserve Account for the Refunded Bonds, to the paying agent for the Refunded Bonds, which sum is sufficient, together with other funds on deposit in the parity revenue debt service account for the Refunded Bonds, to pay the principal and interest due on the Refunded Bonds due on and after the Call Date, including the principal of the Refunded Bonds called for redemption on that date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bond. Any monies remaining in the Payment Account after payment of all costs of issuance of the Bond and payment of the Refunded Bonds shall be transferred to the Parity Revenue Bond Debt Service Account heretofore established in the Electric Fund.

(b) Parity Revenue Bond Debt Service Account. To the Parity Revenue Bond Debt Service Account shall be credited and to which there is hereby irrevocably pledged from the net revenues of the operation of the Electric Utility, commencing on or before the tenth day of December and each month thereafter, an amount equal to one-sixth of the total amount of interest payable on the Bond and any other bonds issued on a parity therewith (collectively the "Parity Bonds") on the next succeeding Interest Payment Date plus (i) for the period from December 2017 through May 2018 one-sixth of the principal due on June 1, 2018, and (ii) commencing June 2018 one-twelfth of the total amount of principal payable on the Parity Bonds on the next succeeding June 1 principal payment date; provided, however, that no further payments need be made to the Parity Revenue Bond Debt Service Account when the moneys held therein are sufficient for the payment of all principal and interest due on the Parity Bonds on or before the next maturity date of each issue thereof. No money shall be paid out of the account except to pay principal and interest on the Parity Bonds.

(vi) Subordinate Revenue Bond Debt Service Account. To the Subordinate Revenue Bond Debt Service Account shall be credited monthly and to which there shall be irrevocably pledged from the net revenues of the operation of the Electric Utility a sum equal to at least one-twelfth of the total principal and interest due during the ensuing twelve months on any obligations secured by a lien on said net revenues second and subordinate to the pledge of net revenues for the security of the Parity Bonds; provided, however, that no further payments need be made to the account when the moneys held therein are sufficient for the payment of all principal and interest due on the subordinate lien bonds payable therefrom on or before the next maturity date of each issue thereof. No money shall be paid out of the account except to pay principal and interest on the Parity Bonds (on a priority of lien) or any subordinate lien bonds payable from said account.

14. Excess Net Revenues. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

15. Investments. Moneys on deposit in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account may be invested in any securities described in Minnesota Statutes, Chapter 118A, as from time to time amended. Such investment may at any time be

liquidated and the proceeds thereof applied for the purpose or purposes for which the fund was created. All income derived from such investment shall constitute net revenues of the Electric Utility.

16. Allocation of Money. The money in the Electric Fund shall be allotted and paid to the various accounts herein established in the order in which the funds are listed on a cumulative basis, and if in any month the money in the accounts is insufficient to place the required amount in any account, the deficiency shall be made up in the following month or months after payment into all other funds having a prior claim on the revenues have been made in full.

17. Separate Accounting. All money held in any of the accounts created by this resolution shall be kept separate and apart from all municipal funds and accounts and shall be deposited in any bank or banks selected by the City.

18. Arbitrage Covenants. The Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of all Parity Bonds. No portion of the proceeds of the Bond 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 Bond was issued, (2) as part of a reasonably required reserve or replacement fund not in excess of ten percent of the proceeds of the Bond, and (3) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bond or \$100,000. To this effect, any proceeds of the Bond and any sums from time to time held in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account any other Issuer account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under the applicable federal arbitrage regulations may be invested 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. Money 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 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

19. Additional Parity Bonds. The Bond issued hereunder shall be secured by a first charge and lien upon the net revenues of the Electric Utility. No additional obligations shall be hereafter issued unless they are secured by a lien on the net revenues which is expressly made second and subordinate to the lien upon the net revenues securing all Parity Bonds; provided however, that additional obligations may be issued on a parity of lien with the Parity Bonds, if the annual net revenues of the Electric Utility (with adjustments as hereinafter provided) for the completed fiscal year immediately preceding the issuance of such additional obligations were equal to at least (a) one and one-quarter times the maximum annual principal and interest coming due thereafter on all outstanding Parity Bonds, including the additional obligations so to be issued; and (b) equal to the maximum annual principal and interest coming due thereafter on all outstanding obligations payable from the revenues of the Electric Fund, including any subordinate lien obligations and the additional obligations so to be issued; and provided also, that the interest to become due on any such additional Parity Bonds shall commence on June 1 of the year in which such interest first becomes payable and shall be payable semiannually thereafter on June 1 and December 1 of each year and the principal to become due on such additional Parity Bonds shall be payable on June 1 of each year in which any such principal becomes due.

For the purpose of determining the net revenues of the Electric Utility for each of the preceding fiscal year as aforesaid, the amount of the gross revenues of the Electric Utility for such year may be adjusted by a Consulting Engineer or by the independent certified public accountant who prepared the last audit report covering the operations of the Electric Utility so as to reflect any changes in the amount of such revenues which would have resulted if any revision of the schedule of rates and charges imposed at least six months prior to the time of issuance of any additional bonds had been in effect. The amount of the revenues may be further adjusted for such purpose by a Consulting Engineer or such certified public

accountant to the extent that either person estimates that: (a) any demand charges (as opposed to charges for the purchase of electric energy paid under any interconnection agreement or contract with another utility system) for the interchange of electric service during the preceding fiscal year would have been eliminated or reduced by reason of the improvements and extensions then to be constructed, (b) net revenues of the Electric Utility would have increased if the customers using the Electric Utility as of the date of issuance of the additional obligations had been customers during said preceding year, (c) a reduction in base load energy costs or savings in the cost of purchased power would have been affected if the improvements and extensions then to be constructed had been in operation during said preceding year, (d) the annual net revenues of the Electric Utility during the first fiscal year of operation after completion of the improvements and extensions then to be constructed will increase because of the sale of surplus power resulting from the addition to the Electric Utility of the improvements and extensions; provided, however, that such sale or sales may be considered only to the extent the same are supported by firm contracts requiring the Purchaser to pay for available surplus power or capacity whether or not it is in fact accepted by the Purchaser and (e) the impact of any formally adopted and implemented rate increase that was not in effect for all or some part of the historical fiscal year. The term "Consulting Engineer" means an engineer or firm of engineers who is not an officer or regular employee of the Issuer and is not devoting substantially all time and effort to the affairs of the Electric Utility.

Subject to the provisions of paragraph 24, additional Parity Bonds may also be issued, without complying with the coverage provisions set forth above, to provide funds to:

(a) Finance the Issuer's cost under any agreement entered into between the Issuer and one or more other electric utility suppliers for the purchase of excess capacity of the facilities by such other suppliers until such time that the Issuer no longer needs to utilize such excess capacity to meet its own power supply needs, including, but not limited to, any agreement between the Issuer and their power supplier, covering the purchase of additional capacity.

(b) Finance the Issuer's share of any cost incurred pursuant to a joint electrical agreement entered into under the authority of Minnesota Statutes, Sections 453.51 to 453.62.

Nothing herein shall be construed as prohibiting the City from treating the costs referred to in this paragraph as an operating cost payable from the Operation and Maintenance Account so long as the obligation to pay such costs is not treated as debt under generally accepted accounting principles.

No additional Parity Bonds may be issued pursuant to this paragraph unless the conditions and requirements of the resolutions authorizing all respective Parity Bonds are complied with and fully performed.

20. Refunding Bonds. The Issuer reserves the right and privilege of issuing additional Parity Bonds if and to the extent needed to refund bonds maturing within six months of the issuance of the refunding bonds in case the moneys in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account of the Electric Fund are insufficient to pay the same at maturity, provided that such refunding Parity Bonds shall mature subsequent to all other Parity Bonds which are still outstanding upon completion of such refunding.

21. Subordinate Lien Bonds. Except as authorized in paragraphs 19 and 20, the Issuer covenants and agrees that it will issue or incur no obligations payable from the net revenues of all or a part of the Electric Utility or constituting in any manner a lien thereon, unless such obligations are secured by a lien on such net revenues which is expressly made junior and subordinate to the lien and charge of the Parity Bonds on the net revenues, except that the Parity Bonds, or any part thereof, may be refunded and the refunding bonds issued shall enjoy complete equality of lien with the portion of any Parity Bonds not refunded, if there are any, provided that if only a portion of the outstanding Parity Bonds shall be so refunded and if such Parity Bonds shall be refunded in such manner that the annual principal and interest to become due on the refunding Parity Bonds shall be greater than the annual principal and interest to become due on the Parity Bonds to be refunded (assuming payment at their maturity), then such Parity

Bonds may not be refunded without the consent of the Owners of the unrefunded portion of the outstanding Parity Bonds.

22. Application of Funds Upon Default. In the event moneys in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account shall be insufficient at any time to pay the principal then due and interest then accrued on all Parity Bonds payable therefrom, moneys shall first be applied to the payment pro rata of the accrued interest on all such Parity Bonds, and any balance shall be applied in payment pro rata of the principal on all such Parity Bonds; provided further that if it shall ever be determined by a court of competent jurisdiction while any such Parity Bonds remain outstanding that the sums available and to become available for the payment of the principal thereof and interest thereon are insufficient whether or not then due, then the moneys in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account shall be applied in payment of all then outstanding principal whether or not then due and the interest accrued thereon to the date of payment ratably according to the aggregate amount thereof without any preference or priority.

23. Bondholder Remedies. The Holders of twenty percent or more in aggregate principal amount of all outstanding Parity Bonds may, either at law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of all outstanding Parity Bonds or enforce or compel the performance of any and all of the covenants and duties specified in this resolution, to be performed by the Issuer or its officers and agents, including the fixing and maintaining of rates and charges and the collection and proper segregation of revenues and the application and use thereof; provided, however, that nothing herein shall affect or impair the right of the Holder of any Parity Bond to enforce the payment of the principal of and interest on any Parity Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Parity Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner provided in the Parity Bonds.

24. Additional Covenants. For the protection of the Owners of the Bond herein authorized and all other Parity Bonds from time to time outstanding, the City herein covenants and agrees to and with the Owners thereof from time to time as follows:

(a) It will at all times adequately maintain and efficiently operate the Electric Utility as a municipal utility. It will from time to time make all needful and proper repairs, replacements, additions and betterments to the equipment and facilities of the Electric Utility so that they may at all times be operated properly and advantageously, and whenever any equipment of the system shall have been worn out, destroyed or otherwise become insufficient for proper use, it shall be promptly replaced or repaired so that the value and efficiency of the Electric Utility shall be at all times fully maintained and its revenues unencumbered by reason thereof.

(b) It will permit no free service to any consumer or utility. The rates for all electric service and the charges for all electricity supplied by the public utilities to the municipality and its residents and to all consumers shall be reasonable and just, taking into account the cost and value of the Electric Utility, the cost of maintaining and operating the Electric Utility and the proper and necessary allowances for depreciation and the amounts required for the payment of principal and interest on the bonds payable from the net revenues of the Electric Utility. The Issuer shall maintain rates sufficient to provide sufficient operating revenues for the payment of (i) operating expenses; (ii) 1.25 times annual debt service on the Bonds and all parity debt, and (iii) all other debt and required deposits to the Parity Revenue Bond Debt Service Account and all other required deposits pursuant to the Resolution.

(c) It will establish, maintain and collect such charges and rates as will produce revenues sufficient to pay the reasonable cost of operation and maintenance of the Electric Utility and to pay one hundred twenty-five percent (125%) of the interest on and principal of all Parity Bonds and one hundred percent (100%) of the interest on and principal of all subordinate lien bonds as and when they become due

as well as to provide sufficient money to make the required appropriations to the various accounts established herein.

(d) The Issuer will not sell, lease, mortgage, or in any manner dispose of the Electric Utility or any part thereof including any and all extensions and additions that may be made thereto until all bonds payable from the revenues of the Electric Utility or a part thereof have been paid in full; provided however, that the Issuer may sell the Electric Utility or any part thereof if simultaneously with or prior to the sale all of the outstanding bonds are discharged in accordance with paragraph 27; and provided further that the Issuer may sell or lease all or any part of the electric generating facilities of the Electric Utility to a municipal power agency of which it is a member provided that the Issuer shall continue to operate and maintain an electric distribution system as part of the Electric Utility. This covenant shall not be construed to prevent the sale by the Issuer at fair market value of real estate, equipment or other non revenue producing properties which in the judgment of the Issuer have become unnecessary, uneconomical or inexpedient to use in connection with the Electric Utility provided that suitable facilities are obtained in place thereof or in the judgment of the Issuer the sale will not adversely affect the Electric Utility earnings or ability to meet required financial obligations.

(e) It will procure and keep in force insurance upon the Electric Utility, with an insurer or insurers in good standing, of a kind and in an amount which would normally be carried by private companies in a like business, including public liability insurance; provided, that property and casualty coverage shall at all times be maintained in an amount at least equal to the outstanding principal amount of the Bonds. And it will keep in full force and effect fiduciary bonds on employees in charge of the utilities. In the event of any loss, the proceeds from such insurance (including liability insurance) or bonds shall be used to make good such loss or to repair or restore the utility or to discharge all of the outstanding Parity Bonds in accordance with paragraph 27.

(f) The Issuer shall cause to be kept proper books, records and accounts adapted to the Electric Utility separate from other accounts to be audited by a certified public accountant at the end of each fiscal year. A copy of the audit shall be furnished, without cost, to the original purchaser of any outstanding Parity Bonds within one hundred eighty days (180) after the close of each fiscal year. If the Issuer fails to provide such audit at such time, the Holders of twenty percent or more of the outstanding Parity Bonds may cause such audit to be made at the expense of the Issuer. The expense of preparing such audit shall be paid as current operating expenses of the utility. The original purchaser of the outstanding Parity Bonds and the Holders thereof, or their duly appointed representatives, from time to time shall have the right at all reasonable times, to inspect the Electric Utility and to inspect and copy the books, records, accounts and data relating thereto.

25. Output Contracts. The Issuer herein covenants that it has not heretofore nor will it hereafter enter into any contract which will obligate any person or persons to purchase electric energy in a total aggregate amount which would cause any of the Parity Bonds herein authorized to become private activity bonds within the meaning of Section 103(b) of the Internal Revenue Code and the regulations promulgated thereunder, and in particular Federal Income Tax Regulations, Section 1.103-7(b)(5).

26. Amendments. No change, amendment, modification or alteration shall be made in the covenants made with Holders of the Parity Bonds without the consent of the Holders of not less than sixty percent (60%) in principal amount of then such outstanding Parity Bonds except for changes, amendments, modifications and alterations made (a) to cure any ambiguity or formal defect or omission, or (b) any other change which would not materially prejudice the Holders of such outstanding Parity Bonds; provided, however, that nothing herein contained shall permit or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any such Parity Bonds, or (ii) a reduction in the principal amount of any such Parity Bond or the rate of interest thereon, or (iii) a privilege or priority of any such Parity Bond or Bonds over any other Parity Bond or Bonds except as otherwise provided herein, or (iv) a reduction in the aggregate principal amount of such Parity Bonds required for consent to any change, amendment, modification or alteration, or (v) permit the creation of any lien ranking prior to or on a parity

with the lien of such Parity Bonds, except as hereinbefore expressly permitted, or (vi) modify any of the provisions of this paragraph without the consent of the Holders of one hundred percent (100%) of the principal amount of Parity Bonds outstanding, or, in the case of any modifications described in clauses (i) through (v) the Holders of only those outstanding Parity Bonds adversely affected by the modifications.

27. Defeasance. When any Parity Bonds and the interest due thereon have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the Owners of such Parity Bonds shall cease. The City may discharge any Parity Bonds which are due on any date by depositing with the Bond Registrar for such Bonds on or before that date a sum sufficient for the payment thereof in full; or if any Parity Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Parity Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given as provided in the resolution authorizing the Parity Bonds. The City may also at any time discharge its obligations with respect to any Parity Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as provided in the resolution authorizing the Parity Bonds has been duly provided for, to such earlier redemption date. The City may discharge Parity Bonds as herein provided without the consent of the Owners of any outstanding Parity Bonds.

28. 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 Bond, 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 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.

29. Information to be Disclosed. The City will provide to the Purchaser, on or before 270 days after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2017, the audited financial statements of the Electric Utility (which may be a part of the audited financial statements of the City) for such fiscal year, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the Electric Utility, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements.

30. Negative Covenant as to Use of Bond Proceeds. The City hereby covenants not to use the Electric Utility improvements financed and refinanced by the Prior Bonds (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 to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

31. Fiscal Year. As used in this resolution the words "Fiscal Year" shall mean the twelve month period beginning on January 1 of each year and ending on December 31 of the same year. Should it be deemed advisable at some later date to change its fiscal yearly basis, the same may be done by proper actions to that effect, with the approval of the original Purchaser of the Bond, which change shall not constitute an amendment or modification of this resolution.

32. Supplemental Resolution. The Prior Resolution authorizing the issuance of the Prior Bonds is hereby supplemented to the extent necessary to give effect to the provisions hereof.

33. Prior Bonds; Security. Until retirement of the Prior Bonds, all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents.

34. Redemption of Refunded Bonds. The Refunded Bonds shall be redeemed and prepaid on the Call Date, in accordance with the terms and conditions set forth in the Notice of Call for Redemption attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference. The amount of cash to be held by the Issuer on the date of issuance of the Bond in order to effect the Refunding is sufficient without investment for such purpose.

35. Tax-Exempt Status of the Bond; 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 Bond, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bond, and (3) the rebate of excess investment earnings to the United States, if the Bond (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed 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 Bond is issued by a governmental unit with general taxing powers;
- b. no Bond is a private activity bond;
- c. ninety-five percent or more of the net proceeds of the Bond 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 Bond 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;

Furthermore:

- e. there shall not be taken into account for purposes of said \$5,000,000 limit any bond issued to refund (other than to advance refund) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond;
- f. the aggregate face amount of the Bond does not exceed \$5,000,000;

g. each of the Prior Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;

h. the average maturity of the Bond does not exceed the remaining average maturity of the Prior Bonds; and

i. no part of the Bond has a maturity date which is later than the date which is thirty years after the dates the Prior Bonds were issued.

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

a. the Bond is issued after August 7, 1986;

b. the Bond is not "private activity bond" as defined in Section 141 of the Code;

c. the City hereby designates the Bond as "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 2017 will not exceed \$10,000,000;

e. not more than \$10,000,000 of obligations issued by the City during this calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code;

f. the aggregate face amount of the Bond does not exceed \$10,000,000;

Furthermore:

g. each of the Refunded Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;

h. the aggregate face amount of the Bond does not exceed \$10,000,000;

i. the average maturity of the Bond does not exceed the remaining average maturity of the Refunded Bonds;

j. no part of the Bond has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued; and

k. the Bond are issued to refund, and not to "advance refund" the Prior Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the Bond do not exceed the outstanding amount of the Prior Bonds.

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.

37. Covenant With Bondholders. Each and all of the terms and provisions of this Resolution shall be and constitute a covenant on the part of the City to and with each and every Owner from time to time of the Bond issued hereunder and any other Parity Bonds from time to time outstanding.

38. 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.

39. 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.

Councilmember Collins seconded the foregoing resolution and the following vote was recorded: AYES: Collins, Heinzig, Evenson, Landmark, Olson. NAYES: None. Thereupon the Mayor declared Resolution 2017-29 duly passed and adopted.

Next Peterson and Jones approached the Council to discuss projects at the Golf Club and the \$60,000 budget request for 2018. Peterson stated they will only need about \$17,000 to cover this year's deficit, but are requesting the entire \$35,000 so they can put the balance toward residing the building. Building repairs they have fixed are the floor supports below the dining room, men's bathroom, cement around the building and Countryside Public Health required them to replace the flooring behind the bar. Future fundraising efforts will go to new carpet, furniture and possibly windows. The financials were discussed. They have also set up the Golf Club Foundation for donations and fundraising. After discussion, it was moved by Collins, seconded by Olson and carried unanimously to approve a payment of \$35,000 toward the Benson Golf Club operating deficit with the balance to be used for building improvements.

Next was a request from Aviation Across America to support aviation in Minnesota. Upon review, it was moved by Evenson, seconded by Olson and carried unanimously to approve the following proclamation:

PROCLAMATION
General Aviation Appreciation Month 2017

WHEREAS, the City of Benson in the State of Minnesota has a significant interest in the continued vitality of general aviation, aircraft manufacturing, aviation educational institutions, aviation organizations and community airports; and

WHEREAS, general aviation and the Benson Municipal Airport have an immense economic impact on the City of Benson and

WHEREAS, Minnesota is home to 135 public-use airports, which serve 11,972 pilots and 5,679 active general aviation aircraft; and

WHEREAS, Minnesota is home to 111 fixed-base operators, 52 repair stations, 83 heliports, 13 FAA-approved pilot schools, 2,033 flight students and 2,627 flight instructors; and

WHEREAS, general aviation in Minnesota contributes over \$5.3 billion; and

WHEREAS, general aviation not only supports Minnesota's economy, it improves overall quality of life by supporting emergency medical and healthcare services, law enforcement, firefighting and disaster relief, and by transporting business travelers to their destinations quickly and safely; and

WHEREAS, the nation's aviation infrastructure represents an important public benefit, and Congressional oversight should be in place of this system to ensure that it remains a public system and serves communities of all sizes;

NOW THEREFORE, I, Gary Landmark, Mayor of the City of Benson, do hereby proclaim general aviation a vital strategic resource to the City of Benson and declare November as

GENERAL AVIATION APPRECIATION MONTH

in the City of Benson.

Next was a pay request from the Humane Society for the remainder of the expenses associated with cat infestation removal in a residence in Benson. After discussion, it was moved by Evenson, seconded by Collins and carried unanimously to approve the pay request to the Humane Society of Swift County in the amount of \$2,192.04.

Wolfington informed the Council on December 6, 2017 Great River Energy will be doing a test on the substation east of Benson. This test is required by the National Electric Reliability Corporation (NERC). In the past there have been issues of outages during these tests. There will be a meeting next week with Great River Energy, Missouri River Energy, Ottertail, Benson Power and Agralite to discuss the plan. The City will decide if they want to disconnect from the grid and generate or stop computer communications during the testing period. Details will be worked out next week.

Next Wolfington talked about the hospital's assisted living project has received preliminary approval for financing. He feels it is time to start creating the TIF district. After discussion, councilmember Collins offered the following resolution:

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR
ADVANCE OF CERTAIN COSTS IN CONNECTION WITH
TAX INCREMENT FINANCING DISTRICT NO. 7 .
(RESOLUTION NO. 2017-30)**

BE IT RESOLVED by the City Council (the "Council") of the City of Benson, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 7 (the "TIF District") within Development District No. 4 (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, public utilities, streets and sidewalks, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$20,000 from the General Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid annually on each December 31 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the City Manager, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the City Manager, generated in the preceding twelve (12) months with respect to the property within the TIF District and remitted to the City by Swift County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.05. This Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The City may amend the terms of this Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Councilmember Heinzig seconded the foregoing resolution and the following vote was recorded: AYES: Collins, Heinzig, Evenson, Landmark, Olson. NAYES: None. Thereupon the Mayor declared Resolution 2017-30 duly passed and adopted.

Wolfington advised the Council proceeding with engineering for sewer and water for the assisted living project right now would not be advised. This will be requested to be done next year.

The October budget report was reviewed.

It was moved by Evenson, seconded by Olson and carried unanimously to approve the bills and warrants in the amount of \$502,148.97.

Wolfington said he received notice from the Minnesota Public Utility Commission the Xcel hearing will be November 30, 2017 at 9:30 am. He said everything could be settled by the middle of January.

There being no further business to come before the Council upon motion by Evenson, seconded by Collins and carried unanimously to adjourn the Council meeting at 6:07 p.m.

Mayor

City Clerk