

CITY OF PARK RIVER, NORTH DAKOTA, SPECIAL COUNCIL MEETING, TUESDAY, JULY 28, 2015 AT 5:30 P.M.

The City of Park River held a special meeting of the Park River City Council on Tuesday, July 28, 2015 at 5:30 P.M. to approve final resolutions for the North Star Addition projects.

Mayor Stenvold called the meeting to order with the following present: Councilmen Lorton, Knutson, Byron, and Anderson, Public Works Director Larson, City Attorney Laaveg, City Coordinator Halldorson, and Auditor Berg. Absent Halvorson and Lundquist,

Knutson moved and Anderson seconded to approve the following resolution. Upon roll call vote all present voted aye. M/C.

**RESOLUTION AUTHORIZING THE ISSUANCE OF A DEFINITIVE
IMPROVEMENT WARRANT ON STREET
IMPROVEMENT DISTRICT NO. 2012-2 FUND**

BE IT RESOLVED by the City Council of the City of Park River, North Dakota (the “City”), as follows:

1. It is hereby found, determined and declared that the City has duly created Street Improvement District No. 2012-2 (the “Improvement District”) and has ordered, received and approved plans and specifications, and estimates of the cost, for the construction of the improvements in the Improvement District; that contracts for construction of the improvements have been duly awarded and executed; that the City received a petition for the improvements within the Improvement District signed by the owners of a majority of the area of the property included within the Improvement District; that the City possesses and has power to exercise through this Council full and exclusive jurisdiction over all streets and places wherein the improvements are located; that the total cost of the improvements in excess of any other funds on hand and appropriated for the payment of such cost, including the amount required to pay the Temporary Improvement Warrant, Series 2015A dated January 30, 2015 (the “Temporary Warrant”) is now estimated to be approximately \$125,000; that the total benefits to all lots, tracts and parcels of land liable to be specially assessed for benefits resulting from the improvements in the Improvement District will be substantially in excess of the cost of the improvements to be assessed against the properties as herein provided; and that all acts, conditions, and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed preliminary to the issuance and sale of the improvement warrants to provide moneys to pay for the improvements have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

2. By a resolution adopted July 14, 2014, the City created a fund for the Improvement District, designated as Street Improvement District No. 2012-2 Fund (the “Fund”). The Fund shall be held and administered by the City Auditor separate and apart from all other funds of the City and shall be continued and maintained as herein directed until all warrants issued thereon shall have been fully paid with interest. In such-/- Fund there shall be maintained two separate

accounts to be designated as the “Construction Account” and “Principal and Interest Account,” respectively.

2.1. There shall be credited to the Construction Account of the Fund the proceeds of the sale of the Warrant issued against such Fund except the accrued interest and any other amounts required to be deposited into the Principal and Interest Account. All costs and expenses of making the improvement, including interest coming due during construction, costs of issuance and payment of the Temporary Warrant shall be paid from time to time as incurred and allowed from the Construction Account, upon construction account warrants signed by the Mayor and City Auditor, and moneys in the Construction Account shall be used for no other purpose, provided, that if upon completion of the improvement and approval thereof by the Engineer for the City, and payment of the Temporary Warrant and all other claims and expenses in respect to the improvement, there shall

remain any unexpended balance in the Construction Account, such balance shall be transferred to the Principal and Interest Account and handled and accounted for in the same manner as other moneys in that account.

2.2. There shall be credited to the Principal and Interest Account of the Fund the accrued interest on the Warrant, if any, from the date of the Warrant to the date of delivery thereof to the purchaser, the entire amount of special assessments, any revenues appropriated to the Fund and any taxes to be levied with respect to that improvement as herein agreed, and any balance remaining in the Construction Account after completion of the improvement. Moneys in the Principal and Interest Account shall be used only for payment of the principal of and interest on Warrants drawn against the Fund as such payments become due.

2.3. The City covenants and agrees with the holders from time to time of the \$125,000 Refunding Improvement Bonds, Series 2015A, of the City (the “Bonds”) that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, amended regulations and proposed regulations issued thereunder, as now existing or as hereinafter amended or proposed and in effect at the time of such action.

2.4. Unless and until the regulations under Section 148 of the Code have been modified or amended in pertinent part, the City Auditor shall ascertain monthly the amount on deposit in the Principal and Interest Account and in the Bond Fund. If the aggregate amount on deposit in the Bond Fund and in the Principal and Interest Account ever exceeds by more than \$6,250 the aggregate amount of principal and interest due and payable from the Bond Fund within 13 months thereafter, such excess shall not be invested except at a yield less than or equal to the yield on the Bonds, based upon their amounts, maturities and interest rates on their date of issue, computed by the actuarial method.

2.5. The City shall assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Warrants is used for Private Business if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of-2- the interest due on the Warrants during the term

thereof is, under term of the Warrants or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or by payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Warrants are used for a Private Business Use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Warrants during the term thereof is, under the terms of the Warrants or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for Private Business Use, then the excess over five percent (5%) of Net Proceeds of the Warrants

used for a Private Business Use shall be used for a Private Business Use related to the governmental use of a portion of the Project and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related.

2.6. The City shall assure that not in excess of the lesser of five percent (5%) of the Net Proceeds of the Warrants are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments or assessments) to persons other than state or local government units.

2.7. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Warrants to be “federally guaranteed” within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

2.8. The City hereby designates the Warrants as “qualified tax-exempt obligations” for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Warrants do not constitute “private activity bonds” as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Warrants, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2015.

2.9. For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements in accordance with Section 148(f)(4)(D) of the Code, the City covenants that it is a governmental unit with general taxing powers; that the Bonds are not “private activity bonds” as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the Net Proceeds of the Bonds 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 that the aggregate face amount of the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the City, including all subordinate entities of the City, during the calendar year 2015 will not exceed \$5,000,000.

3. With respect to the Improvement District, the City covenants and agrees with all

holders of Warrants on the Fund of the Improvement District that it will perform, in accordance with law, all acts and things necessary for the final and valid levy of special assessments against properties within the Improvement District benefitted by the improvement, in an aggregate amount not less than the total cost of the improvement to the City, except any portion, not exceeding one-fifth of the cost of the improvement and not exceeding any applicable constitutional or statutory debt limit, as the City may determine to pay by the levy of ad valorem taxes upon all taxable property within its corporate limits. In the event that the assessment should at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the City or by the City Council or by any City officers or employees, whether in the making of the assessment or in the performance of any condition precedent thereto, the City and this Council covenant and agree that they will promptly do all such further acts and take all further proceedings as may be required by law to make such assessment a valid and binding lien upon such lot or tract. The special assessments (and taxes, if any) shall be levied for each improvement in equal annual installments in the years as follows:

Street Improvement District 2012-2

Year of Levy	Year of Collection	Amount of Levy	Year of Levy	Year of Collection	Amount of Levy
2015	2016	\$6,250	2025	2026	\$ 6,250
2016	2017	6,250	2026	2027	6,250
2017	2018	6,250	2027	2028	6,250
2018	2019	6,250	2028	2029	6,250
2019	2020	6,250	2029	2030	6,250
2020	2021	6,250	2030	2031	6,250
2021	2022	6,250	2031	2032	6,250
2022	2023	6,250	2032	2033	6,250
2023	2024	6,250	2033	2034	6,250
2024	2025	6,250	2034	2035	6,250

Installments of the special assessments (and taxes, if any) from time to time remaining unpaid shall bear interest at the rate not exceeding 11/2 percentage points above the average net annual interest rate on the Warrants.

4. In anticipation of the collection of special assessments and taxes, if any, and for the purpose of borrowing money to pay the cost of the improvements, the City shall issue its improvement Warrants on the Fund. The Warrants shall be dated the date of delivery. The Warrants shall be in registered form and shall bear interest from date of issue until paid at the rate of _____ % per annum, payable semiannually on each May 1 and November 1, commencing November 1, 2015. The Warrants shall not be subject to redemption or exchange except through the issuance of refunding improvement bonds in accordance with the provisions of Chapter 40-27, North Dakota Century Code (“N.D.C.C.”), for which purpose the Warrants may be redeemed or exchanged on any date at par and accrued interest. The principal of and interest on the Warrants shall be payable at the

office of the City Auditor, in Park River, North Dakota. The Warrants shall be payable in equal annual installments of principal in the amount of \$6,250 on May 1 in the years 2016 through 2035.

5. The Warrants shall be printed in substantially the following form:

No. R-1	UNITED STATES OF AMERICA STATE OF NORTH DAKOTA COUNTY OF WALSH CITY OF PARK RIVER	\$125,000
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STREET IMPROVEMENT DISTRICT NO. 2012-2

KNOW ALL PERSONS BY THESE PRESENTS that the City of Park River, a duly organized and existing municipal corporation of Walsh County, North Dakota, will pay to First United Bank, Park River, North Dakota, or registered assigns but only out of its Street Improvement District No. 2012-2 Fund (the "Fund"), the sum of One Hundred Twenty-five Thousand and No/100 Dollars (\$125,000), payable in annual installments in the amount of \$6,250 on the first day of May in each of the years 2016 through 2035, and will pay interest thereon, out of the Fund, from the date hereof until the principal is paid, at the rate of % per annum. Interest is payable on each May 1 and November 1 commencing November 1, 2015. Both principal and interest are payable at the office of the City Auditor, in Park River, North Dakota, and in any coin or currency of the United States of America, which on the respective dates of payment is legal tender for public and private debts. This Warrant is subject to redemption or exchange at the option of the City for the purpose of issuing refunding improvement bonds pursuant to Chapter 40-27, North Dakota Century Code.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions, and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed preliminary to and in the valid issuance of this Warrant have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; that this Warrant is duly issued to pay costs incurred and to be incurred in the making of a necessary improvement of special benefit to the above-named Improvement District, in anticipation of the collection of special assessments to be duly levied upon properties within the Improvement District, and of utility revenues and taxes to the extent determined by ~~the~~ City Council, which are irrevocably appropriated to the Fund of the Improvement District in amounts sufficient to pay when due the principal of and interest on all Warrants drawn thereon; that if the Fund should at any time be insufficient to pay principal or interest due, the City is also required by law to levy a tax upon all of the taxable property within its corporate limits for the payment of such deficiency, without limitation of rate or amount; and that the issuance of this Warrant did not cause the special or general indebtedness of the City to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Park River, Walsh County, North Dakota, by its City Council, has caused this Warrant to be executed in its behalf by the signature of the Mayor and countersigned by the City Auditor, and has caused this Warrant to be dated July 28th, 2015.

(Signed documents in official minute book).

Mayor

Countersigned:

City Auditor

6. The Warrants shall be prepared for execution under the direction of the City Auditor and shall be executed on behalf of the City by the signature of the Mayor, countersigned by the City Auditor. When executed, the Warrants shall be delivered by the City Auditor to the purchaser thereof upon payment of the purchase price agreed upon, and the purchaser shall not be obligated to see to the application of the purchase price.

7. With respect to the Fund, the City hereby recognizes its obligation with respect to the Warrants drawn against the Fund, as set forth in Section 40-26-08, N.D.C.C., that whenever all special assessments and taxes, if any, collected for the improvement are insufficient to pay principal of or interest then due on the Warrants, this Council shall thereupon levy a tax upon all taxable property in the City for the payment of such deficiency; provided, that if the Warrants have been exchanged for refunding improvement bonds pursuant to the provisions of Chapter 40-27, N.D.C.C., such deficiency tax may be made payable in the years and amounts required to pay the principal of and interest on the refunding improvement bonds as the same become due. Nothing herein contained shall be deemed to limit the power of the City and this Council under the provisions of the Section 40-26-08, as amended, to levy a general tax in anticipation of a deficiency considered likely to occur in the Fund within one year, and it is hereby declared to be the policy of the City that the Council will annually review the current requirements and resources of the Fund, at the time of the preparation of and hearing on the municipal budget, in accordance with the provisions of Chapter 40-40, N.D.C.C., to the end that provision may be made in each annual budget for any deficiency in the Fund which is deemed likely to occur within one year. Such taxes levied in accordance with the provisions of this paragraph in payment of a deficiency, or in anticipation of a deficiency, shall be paid upon collection into the Principal and Interest Account of the Fund and applied as provided in paragraph 2.2 hereof.

8. With respect to the Fund, the City reserves the right and privilege of refunding any Warrants drawn against the Fund which are past due, or to the redemption or exchange of which the holder thereof shall have consented, and for the payment of which Warrants moneys are not at the time available in the Fund, by issuing new warrants pursuant to the provisions of Section 40-27-06, N.D.C.C. Such refunding warrant shall be payable from the Fund on a parity with the Warrants previously issued as to interest charges, but the maturities of the refunding warrant shall be subsequent to the maturities of all Warrants payable from the Fund and then outstanding, except the Warrants so refunded. With respect to the Fund, the City also reserves the right to issue additional improvement warrants for the payment of the cost of the improvement in the Improvement District if the actual cost of the improvement should be greater than has been estimated, such additional warrants to be payable from the Fund on a parity with other Warrants drawn on the Fund.

9. The officers of this City and the County Auditor of Walsh County are authorized and directed to prepare and furnish to the purchaser of the Warrants and to the attorneys approving the same, certified copies of all ordinances, resolutions, affidavits or other instruments relating to the establishment and construction of the improvement and the operation and maintenance thereof, and the levy of special assessments and taxes therefor and for the issuance of the improvement Warrants, which may be necessary or proper to show the validity of marketability of the Warrants, and all instruments and transcripts so furnished, constitute representations of the City as to the correctness of the facts as stated or recited therein.

Adopted: July 28, 2015.

Mayor

ATTEST:

City Auditor

Byron moved and Lorton seconded the following resolution. Upon roll call vote all voted aye. M/C.

**RESOLUTION AUTHORIZING THE ISSUANCE OF
\$125,000 REFUNDING IMPROVEMENT BONDS, SERIES 2015A,
PRESCRIBING THE TERMS AND COVENANTS THEREOF,
AND CREATING A FUND FOR THE PAYMENT THEREOF**

BE IT RESOLVED by the City Council of the City of Park River, North Dakota (the “City”), as follows:

1. WARRANTS. Pursuant to a resolution adopted this date, the City has authorized the issuance of definitive improvement warrants in the aggregate principal amount of \$125,000 (the “Warrants”) payable from the fund of Street Improvement District No. 2012-2 described in the resolution, and subject to the terms, provisions and covenants set forth in the resolution, which is hereby incorporated herein and made a part hereof.

2. AUTHORIZATION OF REFUNDING IMPROVEMENT BONDS. It is hereby found, determined and declared that the Warrants were duly and legally authorized under authority of and in accordance with the provisions of Title 40 of the North Dakota Century Code (“N.D.C.C.”); that there is not at the present time in the Improvement District Fund sufficient money to pay the Warrants drawn thereon with interest; that the Warrants are subject to exchange at the option of the City for the purpose of issuing refunding ~~7~~ improvement bonds of the City in accordance

with the provisions of Chapter 40-27, N.D.C.C.; that all acts, conditions and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed precedent to the issuance of the refunding improvement bonds hereinafter described have been done, do exist, have happened and have been performed in due form, time and manner as so required; and that the issuance of the refunding improvement bonds is necessary and expedient and for the best interest of the City and its inhabitants, taxpayers and the owners of property liable to be assessed for the improvements. The City has received an offer to purchase the Warrants from First United Bank, Park River, North Dakota, at a price of \$125,000, plus accrued interest, and upon the further terms and conditions hereinafter set forth, and the offer has been accepted.

3. TERMS. For the purpose of refunding the Warrants, the City shall issue its Refunding Improvement Bonds, Series 2015A, in the aggregate principal amount of \$125,000 (hereinafter the “Bonds”), dated the delivery date. The Bonds shall be issued in fully registered form, shall mature on May 1 in the years and amounts as follows, and shall bear interest at the annual rates set forth opposite the years and amounts from the date of issue until paid or redeemed, as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2019	\$25,000	2.00%	2031	\$25,000	4.20%
2023	25,000	2.75	2035	25,000	4.65
2027	25,000	3.50			

Optional Redemption. Bonds maturing in the years 2023 and thereafter shall each be subject to redemption and prepayment at the option of the City in whole or in part, and if in part in inverse order of maturities, on May 1, 2020, and any date thereafter, at a price equal to the principal amount thereof and accrued interest.

Mandatory Redemption. The Bonds maturing May 1, 2019, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
2016	\$6,250	2018	\$6,250
2017	\$6,250	2019*	\$6,250

The Bonds maturing May 1, 2023, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>

2020	\$6,250	2022	\$6,250
<hr/> 2021	\$6,250	2023*	\$6,250

The Bonds maturing May 1, 2027, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
<hr/> 2024	\$6,250	2026	\$6,250
2025	\$6,250	2027*	\$6,250

The Bonds maturing May 1, 2031, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
2028	\$6,250	2030	\$6,250
2029	\$6,250	2031*	\$6,250

The Bonds maturing May 1, 2035, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
2032	\$6,250	2034	\$6,250
2033	\$6,250	2035*	\$6,250

***Final Maturity**

Not less than thirty (30) days prior to the date specified for redemption and prepayment of any of the Bonds the City will cause notice of call to be mailed to the registered holders thereof. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the holder without charge, representing the remaining principal amount outstanding.

The interest on the Bonds shall be payable on May 1 and November 1 in each year, commencing November 1, 2015. The principal of and interest on the Bonds shall be payable by the City Auditor.

4. FORM OF BONDS. The Bonds shall be in substantially the form attached hereto as Exhibit A.

5. PREPARATION, EXECUTION AND DELIVERY OF BONDS. The Bonds shall be printed under the direction of the City Auditor, and shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and the City Auditor and, if executed by facsimile signatures, a Certificate of Authentication shall be manually signed by an authorized representative of the Bond Registrar. When the Bonds have been so prepared and executed, the City Auditor shall deliver the same to the purchaser thereof upon payment of the purchase price in accordance with the contract of sale. The purchaser shall not be obligated to see to the application of the purchase price.

6. REGISTRATION, TRANSFER AND EXCHANGE. Books for the registration and for the transfer of the Bonds as provided in this Resolution shall be kept by the City Auditor who is hereby appointed the Bond Registrar of the City for the Bonds. Upon surrender for transfer of any Bond at the office of the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bonds (i) during the period commencing on the fifteenth (15th) day of the month next preceding any Interest Payment Date and ending on such Interest Payment Date, (ii) fifteen (15) days before the day for the selection of Bonds to be redeemed or, (ii) selected, called, or being called for redemption in whole or in part.

The Bonds are issuable as registered Bonds without coupons in the denomination of \$6,250 or any integral multiple thereof not in excess of any single maturity. Subject to the limitations of and upon payment of the charges provided for in this Resolution, registered Bonds may be exchanged for a like aggregate principal amount of other authorized denominations of registered Bonds of the same series and the same maturity.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded by the Bond Registrar, the City and Paying Agent as the absolute owner thereof for all purposes. Payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative and neither the City nor the Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Bond Registrar shall require the payment by any bondholder requesting exchange or transfer of a sum sufficient to cover any tax or other governmental charge that may be imposed on the City or the Bond Registrar with respect to such exchange or transfer and a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer.

7. REPLACEMENT OF BONDS. If any Bond is mutilated, lost, stolen, or destroyed, the City shall execute and the Bond Registrar shall authenticate a new Bond of the same date, maturity, and aggregate denomination, as that mutilated, lost, stolen, or destroyed; provided that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Bond Registrar, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the City and the Bond Registrar evidence of such loss, theft, or destruction satisfactory to the City and the Bond Registrar, together with an indemnity satisfactory to them. In the event any such Bond shall have matured or been called for redemption, instead of issuing a duplicate Bond, the City may pay the same. The Bond Registrar may charge the holder or owner of such Bond with their reasonable fees and expenses including reasonable attorneys' fees and expenses in connection with replacing any Bond mutilated, lost, stolen, or destroyed.

8. CANCELLATION. Whenever any outstanding Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Resolution or for replacement pursuant to paragraph 7 hereof or for transfer or exchange pursuant to paragraph 6 hereof, such Bond shall be cancelled and destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Bond Registrar to the City.

9. 2015A REFUNDING IMPROVEMENT BOND FUND. There shall be and is hereby created a special fund to be maintained by the City Auditor separate and apart from all other funds of the City, to be designated as the 2015A Refunding Improvement Bond Fund (the "Bond Fund"). To the fund shall be credited the Warrants referred to in paragraph 1 hereof when received by the City Auditor, which Warrants shall thereupon become and shall thereafter be held as assets of the Bond Fund, and the proceeds of all collections on the Warrants so acquired shall be held by the City in trust for the use and benefit of the holders from time to time of the Bonds herein authorized. The fund of the improvement district described in the resolution referred to in paragraph 1 hereof shall be continued and payments shall be made therefrom on the Warrants drawn thereon in the same manner as though the Warrants had not been exchanged. All payments of principal and interest made on the Warrant shall be credited to the Bond Fund and shall be used and applied in payment of the principal of and interest on the Bonds as such principal and interest becomes due.

10. TAX COVENANTS.

(a) The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit, nor fail to take or permit, any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, amended regulations and proposed regulations issued thereunder, as now existing or as hereinafter amended or proposed and in effect at the time of such action.

(b) The City covenants and agrees with the holders from time to time of the Bonds it will assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term

(c) thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Business Use or in payments in respect of property used or to be used for Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for Private Business Use, then the excess over five percent (5%) of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project and shall not exceed the proceeds used for governmental use of the portion of the Project to which such Private Business Use is related.

(c) The City covenants and agrees with the holders from time to time of the Bonds that it will assure that not in excess of the lesser of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments or assessments) to persons other than state or local governmental units.

(d) The City further covenants and agrees with the holders from time to time of the Bonds that it will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

11. QUALIFIED TAX-EXEMPT OBLIGATIONS. The City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Bonds do not constitute “private activity bonds” as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2015.

12. ARBITRAGE.

(a) Unless and until the regulations under Section 148 of Code have been modified or amended in pertinent part, the City Auditor shall ascertain monthly the amount on deposit in the Principal and Interest Account of the fund of the improvement district referred to in paragraph 1 hereof and in the Bond Fund. If the aggregate amount

(b) on deposit in such Principal and Interest Account and in the Bond Fund ever exceeds by more than \$6,250 the aggregate amount of principal and interest due and payable from the Bond Fund within 13 months thereafter, such excess shall not be invested except at a yield less than or equal to the yield on the Bonds, based upon their amounts, maturities and interest rates on their dates of issue, computed by the actuarial method.

(c) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements in accordance with Section 148(f)(4)(D) of the Code, the City covenants that it is a governmental unit with general taxing powers; that the Bonds are not "private activity bonds" as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the Net Proceeds of the Bonds 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 that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the City, including all subordinate entities of the City, during the calendar year 2015 will not exceed \$5,000,000.

(c) On the date fixed for the delivery of the Bonds, the Mayor and the City Auditor shall make and file in the office of the City Auditor and deliver to the purchaser a certificate in accordance with the provisions of Section 148 of the Code and Treasury Regulations Sections 1.148-2(b) stating that on the basis of the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, as such facts, estimates and circumstances are set forth in the certificate, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of the Code and Regulations.

13. COVENANTS AND AGREEMENTS OF THE CITY. The City covenants and agrees with the holders from time to time of each of the Bonds, (a) that it will use due diligence to collect the Warrants and special assessments; (b) that it will preserve and enforce for the benefit of the holders of the Bonds all of the rights, powers, and privileges reserved to holders of the Bonds, and all of the covenants of the City provided in the Resolution authorizing the Warrants; (c) that in the event of a deficiency in the improvement district fund for the payment of principal and interest on Warrants drawn thereon, the City Council will, at the time and in the manner prescribed by Section 40-26-08, N.D.C.C., levy a tax upon all of the taxable property in the City for the payment of such deficiency; and (d) that if the balance in the Bond Fund should at anytime be insufficient to pay all principal and interest then due on the Bonds issued under this Resolution, such balance shall be used first to pay the interest due, and the remainder shall be applied in payment of the principal due on the Bonds in direct order of maturity years and pro rata as to Bonds maturing in the same year. The City reserves the privilege of refunding any of such matured Bonds for the payment of which moneys are not at the time available by issuing new bonds payable from the fund, on a parity with those previously issued as to interest charges therein, but the maturity of any such new bonds shall be subsequent to the maturity of all Bonds payable from the fund which then remain outstanding.

14. DISCHARGE. When all of the Bonds have been discharged as provided in this

paragraph, all pledges, covenants and other rights granted by this Resolution shall cease. The City may discharge all Bonds due on any date by depositing with the Paying Agent on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, the same may nevertheless be discharged by depositing with the Paying Agent a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The City may also discharge all Bonds at any time by irrevocably depositing in escrow with a suitable bank, for the purpose of paying all principal and interest when due on such Bond, a sum of cash and securities of the types described in Section 40-27-13, N.D.C.C., in such aggregate amount, bearing interest at such rates and maturing or callable at the holder's option on such dates as shall be required to provide funds sufficient for this purpose.

15. OTHER PROCEEDINGS. The officers of the City and Walsh County are authorized and directed to prepare and furnish to the purchasers of the Bonds, and to the attorneys approving the legality thereof, records of the City, and certificates and affidavits as to other matters shown by their official records and otherwise known to them, which may reasonably be required to evidence the legality and marketability of the Bonds, and all certified copies, certificates, affidavits and other instruments so furnished shall constitute representations of the City as to the correctness of all facts stated or recited therein.

(Remainder of this page intentionally left blank.)

Adopted: July 28, 2015.

Mayor

ATTEST:

City Auditor

Additional provisions of this Bond are contained on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the City of Park River, Walsh County, North Dakota, by its City Council, has caused this Bond to be executed in its behalf by the facsimile signature of its Mayor and its City Auditor and has caused this Bond to be dated as of the date set forth below.

CITY OF PARK RIVER, NORTH DAKOTA
(s i g n a t u r e)

Mayor

ATTEST:

(s i g n a t u r e)
 City Auditor

(form of reverse of bond)

Optional Redemption. Bonds maturing in the years 2023 and thereafter are each subject to redemption and prepayment at the option of the City in whole or in part, and if in part in inverse order of maturities, on May 1, 2020, and any date thereafter, at a price equal to the principal amount thereof and accrued interest.

Mandatory Redemption. The Bonds maturing May 1, 2019, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2016	\$6,250	2018	\$6,250
2017	\$6,250	2019*	\$6,250

The Bonds maturing May 1, 2023, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2020	\$6,250	2022	\$6,250
2021	\$6,250	2023*	\$6,250

The Bonds maturing May 1, 2027, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2024	\$6,250	2026	\$6,250
2025	\$6,250	2027*	\$6,250

The Bonds maturing May 1, 2031, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2028	\$6,250	2030	\$6,250
2029	\$6,250	2031*	\$6,250

The Bonds maturing May 1, 2035, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>Amount</u>	<u>Principal</u> <u>(May 1)</u>
2032	\$6,250	2034	\$6,250
2033	\$6,250	2035*	\$6,250

*Final Maturity

Not less than thirty (30) days prior to the date specified for redemption and prepayment of any of the Bonds the City will cause notice of call to be mailed to the registered holders thereof. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the holder without charge, representing the remaining principal amount outstanding.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the office of the Bond Registrar, by the registered owner hereof in person or by its attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Bond or Bonds to be

issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee, or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, COVENANTED, AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of this Bond, have been done, do exist, have happened and have been performed in regular and due form, time, and manner as so required; that the City has duly created the 2015A Refunding Improvement Bond Fund (the "Bond Fund") as a separate and special fund and as appropriated thereto the improvement warrants exchanged for this series of Bonds; that the City has reserved the right and privilege of issuing additional improvement warrants on the fund of the improvement district if and to the extent necessary to complete payment of the cost of the improvements, and the right and privilege of exchanging such warrants by the issuance of additional series of refunding improvement bonds, payable from the Bond Fund on a parity with the Bonds of this series; that if at any time all special assessments and any taxes collected in the improvement district fund are insufficient to pay principal or interest then due on all warrants drawn on such fund, the City Council is required by law to levy a tax upon all of the taxable property in the City for the payment of such deficiency, and the City Council is authorized to levy a similar tax if at any time a deficiency is likely to occur within one year, which taxes may be levied without limitation as to rate or amount; and that all collections of the special assessments and taxes are required by law to be credited to the Bond Fund and applied in payment of the principal and interest on the Bonds and any additional refunding

improvement bonds payable therefrom; all as more fully stated in the Resolution.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations: TEN COM - as tenants in common, TEN ENT - as tenants by the entireties, JT TEN - as joint tenants with right of survivorship and not as tenants in common.

_____UNIF_____	_____TRANS MIN
ACT	Under Uniform Transfers to Minor Act
(CUST)	(STATE)
Custodian	
(MINOR)	

Additional abbreviations may also be used though not in the above list.

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: .

NOTICE: the assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature guaranteed: _____

Signature(s) must be guaranteed by a member of the Medallion Signature Program.

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and address:

(include information for all joint owners if the Bonds are held by joint account.)

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Anderson moved and Lorton seconded to approve the following resolution. Upon roll call vote all present voted aye. M/C.

**RESOLUTION AUTHORIZING THE ISSUANCE OF
\$760,000 TAX INCREMENT REVENUE BONDS, SERIES 2015,
PRESCRIBING THE TERMS AND COVENANTS THEREOF,
AND CREATING A FUND FOR THE PAYMENT THEREOF**

BE IT RESOLVED by the City Council of the City of Park River, North Dakota (the “City”), as follows:

1. TAX INCREMENT PROCEEDINGS. It is hereby found, determined and declared that the City has heretofore duly created North Star Tax Increment District No. 2012 (the “TIF District”) by resolution adopted April 9, 2012; that the City determined that one or more slum or blighted areas exist in the City and the development of such properties is necessary in the interest of the public economy, health, safety and welfare of the residents of the City; that the City has designated the TIF District as appropriate for a development project; that the City has approved a Development Plan for the TIF District following a public hearing held on June 11, 2012; that following the public hearing, the City, the Park River Development Corporation and North Star Coop entered into a Development Agreement dated July 13, 2012, with respect to properties within the TIF District; that the City has requested the Walsh County Auditor to compute and certify the original taxable value of each lot and parcel of real estate within the TIF District; that the City possesses and has power to exercise through this Council full and exclusive jurisdiction over all streets and places within the TIF District where the improvements are to be located; that the total cost of the improvements in excess of any other funds on hand and appropriated for the payment of such cost, including the amount to be paid by the Tax Increment Revenue Bonds, Series 2015, is now estimated to be approximately \$760,000; and that all acts, conditions, and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed preliminary to the issuance and sale of the bonds to provide moneys to pay for the improvements have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

2. AUTHORIZATION OF TAX INCREMENT REVENUE BONDS. Pursuant to the authority of Chapter 40-58 of the North Dakota Century Code, the City hereby authorizes and directs the issuance of its Tax Increment Revenue Bonds, Series 2015, in the aggregate principal amount of Seven Hundred Sixty Thousand Dollars (\$760,000) dated the delivery date (the “Bonds”). The City has received an offer to purchase the Bonds from First United Bank, Park River, North Dakota, at a price of par plus accrued interest, and upon the further terms and conditions hereinafter set forth, and the offer has heretofore been accepted.

3. TERMS. The Bonds shall be issued in fully registered form, shall mature on May 1 in the years and amounts as follows, and shall bear interest at the annual rates set forth opposite

the years and amounts from the date of issue until paid or redeemed, as follows:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2019	\$ 114,000	2.00%	2031	\$170,000	4.20%
2023	130,000	2.75	2035	197,000	4.65
2027	149,000	3.50			

Optional Redemption. Bonds maturing in the years 2023 and thereafter shall each be subject to redemption and prepayment at the option of the City in whole or in part, and if in part, in inverse order of maturities, on May 1, 2020, and any date thereafter, at a price equal to the principal amount thereof plus accrued interest.

Mandatory Redemption. The Bonds maturing May 1, 2019, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

Redemption Date (May 1)	Principal Amount	Redemption Date (May 1)	Principal Amount
2016	\$27,000	2018	\$29,000
2017	\$28,000	2019*	\$30,000

*Final Maturity

The Bonds maturing May 1, 2023, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

Redemption Date (May 1)	Principal Amount	Redemption Date (May 1)	Principal Amount
2020	\$31,000	2022	\$33,000
2021	\$32,000	2023*	\$34,000

*Final Maturity

The Bonds maturing May 1, 2027, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
2024	\$35,000	2026	\$38,000
2025	\$37,000	2027*	\$39,000

*Final Maturity

The Bonds maturing May 1, 2031, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
2028	\$40,000	2030	\$43,000
2029	\$42,000	2031*	\$45,000

*Final Maturity

The Bonds maturing May 1, 2035, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (May 1)</u>	<u>Principal Amount</u>
2032	\$47,000	2034	\$50,000
2033	\$48,000	2035*	\$52,000

*Final Maturity

Not less than thirty (30) days prior to the date specified for redemption and prepayment of any of the Bonds the City will cause notice of call to be mailed to the registered holders thereof. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the holder without charge, representing the remaining principal amount outstanding.

The interest on the Bonds shall be payable on May 1 and November 1 in each year, commencing November 1, 2015. The principal of and interest on the Bonds shall be payable by the City Auditor.

4. FORM OF BONDS. The Bonds shall be in substantially the form attached hereto as Exhibit A.

5. PREPARATION, EXECUTION AND DELIVERY OF BONDS.

The Bonds shall be printed under the direction of the City Auditor, and shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and the City Auditor and, if signed by facsimile signatures, a Certificate of Authentication shall be manually signed by an authorized representative of the Bond Registrar. When the Bonds have been so prepared and executed, the City Auditor shall deliver the same to the purchaser thereof upon payment of the purchase price in accordance with the contract of sale. The purchaser shall not be obligated to see to the application of the purchase price.

6. REGISTRATION, TRANSFER AND EXCHANGE.

Books for the registration and for the transfer of the Bonds as provided in this Resolution shall be kept by City Auditor, who is hereby appointed the Bond Registrar of the City for the Bonds. Upon surrender for transfer of any Bond at the office of the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the City shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount.

The Bond Registrar shall not be required to transfer or exchange any Bonds (i) during the period commencing on the fifteenth (15th) day of the month next preceding any Interest Payment Date and ending on such Interest Payment Date, (ii) fifteen (15) days before the day for the selection of Bonds to be redeemed or, (ii) selected, called, or being called for redemption in whole or in part.

The Bonds are issuable as registered Bonds without coupons. Subject to the limitations of and upon payment of the charges provided for in this Resolution, registered Bonds may be exchanged for a like aggregate principal amount of other authorized denominations of registered Bonds of the same Series and the same maturity.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded by the Bond Registrar, the City and Paying Agent as the absolute owner thereof for all purposes. Payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative and neither the City nor the Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Bond Registrar shall require the payment by any bondholder requesting exchange or transfer of a sum sufficient to cover any tax or other governmental charge that may be imposed on the City or the Bond Registrar with respect to such exchange or transfer and a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer.

7. REPLACEMENT OF BONDS.

If any Bond is mutilated, lost, stolen, or destroyed, the City shall execute and the Bond Registrar shall authenticate a new Bond of the same date, maturity, and aggregate denomination, as that mutilated, lost, stolen, or destroyed; provided that in the case of any mutilated Bond, such mutilated

Bond shall first be surrendered to the Bond Registrar, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the City and the Bond Registrar evidence of such loss, theft, or destruction satisfactory to the City and the Bond Registrar, together with an indemnity satisfactory to them. In the event any such Bond shall have matured or been called for redemption, instead of issuing a duplicate Bond, the City may pay the same. The Bond Registrar may charge the holder or owner of such Bond with their reasonable fees and expenses including reasonable attorneys' fees and expenses in connection with replacing any Bond mutilated, lost, stolen, or destroyed.

8. CANCELLATION.

Whenever any outstanding Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Resolution or for replacement pursuant to Section 7 hereof or for transfer or exchange pursuant to Section 6 hereof, such Bond shall be cancelled and destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Bond Registrar to the City.

9. FUNDS HELD FOR PAYMENT.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the City to the owner thereof for the payment of such Bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Resolution or on, or with respect to, the Bond; provided, that any funds which shall be so held by the Paying Agent (if other than the City Auditor) and which remain unclaimed by the holder of any Bond not presented for payment by May 1, 2035, shall be returned to the City free of any trust or lien and thereafter any such holder shall look only to the City for payment of such amount without interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys.

10. 2015 TAX INCREMENT REVENUE BOND FUND.

There shall be and is hereby created a special fund to be maintained by the City Auditor separate and apart from all other funds of the City, to be designated as the 2015 Tax Increment Revenue Bond Fund (the "Fund"). The Fund shall be held by the City Auditor and shall at all times be kept on deposit with a qualified depository of public funds as provided in NDCC Chapter 21-04 as special funds for the sole purpose of payment of all costs incidental to the construction and financing of the improvement and paying the principal of and interest on any outstanding Bonds secured thereby, and shall be maintained until all balances of principal or interest on the Bonds are fully paid. There shall be established and maintained within the Fund the accounts set forth below. The Fund may be maintained either as a separate and special bookkeeping account on the official books and records of the City or as a separate bank account.

(a) Construction Account. There shall be deposited into the Construction Account of the Fund (the "Construction Account") all proceeds of the Bonds which are not required to be⁻⁵⁻ deposited to the Principal and Interest Account,

together with any additional monies pledged to defraying the construction cost of the improvement. Monies in the Construction Account from such proceeds and earnings shall be used for payment of the cost of the improvements and costs of issuance of the Bonds, including the payment of principal and interest on the Temporary Improvement Warrant, Series 2015A, and reimbursement to the City or the Park River Community Development Corporation for advances made for such costs and for no other purpose; provided, that if upon completion of the improvements, and payment of all costs related thereto, there remains any unexpended balance in the Construction Account from such proceeds or the earnings thereon, such balance shall be used for payment of debt service on the Bonds.

(b) Principal and Interest Account. There shall be deposited into the Principal and Interest Account of the Fund (the "Principal and Interest Account") (i) any funded interest on the Bonds when sold, (ii) all collections from the tax increments required by Section 11, (iii) any balances remaining in the Construction Account when, after consultation with the project engineer, it is determined unlikely that any additional costs properly payable therefrom will arise, and (iv) sales tax collections appropriated by the City Council to pay the principal of or interest on the Bonds.

Disbursements from the Construction Account and the Principal and Interest Account shall be by check or payment voucher duly signed by the Mayor and the City Auditor.

10. TAX INCREMENTS.

Tax increments are hereby appropriated to the Principal and Interest Account from the TIF District, and are to be computed, certified, remitted and segregated in accordance with the provisions of Section 40-58-20, NDCC, as a first and prior charge on all such tax increments when segregated and received from the County Treasurer, in amounts sufficient to produce on or before May 1 in each year, commencing May 1, 2016, a balance in the Principal and Interest Account equal to the aggregate amount of principal and interest due or to become due with respect to the Bonds through the end of the following year.

The City estimates that the anticipated receipts of the tax increments, will be sufficient to pay the interest on the Bonds as it becomes due and also to pay the principal of the Bonds on the maturity dates or on the mandatory redemption dates. On or before May 1 in each year, commencing May 1, 2016, and continuing until all of the Bonds have been paid, the City Auditor shall determine (a) the amounts then on hand in the Principal and Interest Account from all sources, and (b) the amount of tax increments conservatively estimated to be received from the TIF District in the following twelve months (a "Bond Year"), and shall further determine the sufficiency of such amounts to pay the principal of and interest on the Bonds to become due through the end of the following Bond Year. If such amounts are not sufficient for such payment, the City shall transfer available sales tax revenues in an amount sufficient to remedy such deficiency.

In the event that, on May 1 in any year during the term of the Bonds, the balance in the Principal and Interest Account equals or exceeds the amount necessary to pay the principal of and interest on the Bonds to become due through the end of the following Bond Year, the City Auditor

shall activate and thereafter maintain a separate Excess Tax Increment Account into which shall be paid and credited all tax increments not thereafter required to be credited to the Principal and Interest Account under the provisions of this Section. Moneys on hand from time to time in the Excess Tax Increment Account shall be used only for the following purposes: (i) to pay the principal of and interest on the Bonds at any time when amounts on hand in the Principal and Interest Account are insufficient therefor; (ii) to reimburse any sales tax revenues transferred by the City to the Principal and Interest Account; (iii) on May 1 in each year to transfer to the Principal and Interest Account such amounts as are necessary to restore the balance in the Principal and Interest Account to an amount equal to the principal of and interest on the Bonds to become due to the end of the following Bond Year; (iv) to redeem Bonds prior to their stated maturities as provided in this resolution; and (v) upon a determination by the City that any amounts then on hand in the Excess Tax Increment Account are more than is reasonably necessary to pay the principal of and interest on the Bonds, such excess amount may be used to pay other costs of renewal, of the type described in Section 40-58-20, NDCC, incurred in the TIF District, including transfer to the fund established for any special improvement warrants, refunding improvement bonds or other obligations issued by the City for payment of the cost of improvements in the TIF District.

12. TAX COVENANTS.

(a) The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit, nor fail to take or permit, any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, amended regulations and proposed regulations issued thereunder, as now existing or as hereinafter amended or proposed and in effect at the time of such action.

(b) The City covenants and agrees with the holders from time to time of the Bonds it will assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Business Use or in payments in respect of property used or to be used for Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for Private Business Use, then the excess over five percent (5%) of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project

and shall not exceed the proceeds used for governmental use of the portion of the Project to which such Private Business Use is related.

(c) The City covenants and agrees with the holders from time to time of the Bonds that it will assure that not in excess of the lesser of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments or assessments) to persons other than state or local governmental units.

(d) The City further covenants and agrees with the holders from time to time of the Bonds that it will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

13. QUALIFIED TAX-EXEMPT OBLIGATIONS. The City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Bonds do not constitute “private activity bonds” as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2015.

14. ARBITRAGE.

(a) Unless and until the regulations under Section 148 of Code have been modified or amended in pertinent part, the City Auditor shall ascertain monthly the amount on deposit in the Principal and Interest Account and the Excess Tax Increment Account. If the aggregate amount on deposit in such Principal and Interest Account and Excess Tax Increment Account ever exceeds by more than \$23,150 the aggregate amount of principal and interest due and payable within 13 months thereafter, such excess shall not be invested except at a yield less than or equal to the yield on the Bonds, based upon their amounts, maturities and interest rates on their dates of issue, computed by the actuarial method.

(b) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements in accordance with Section 148(f)(4)(D) of the Code, the City covenants that it is a governmental unit with general taxing powers; that the Bonds are not “private activity bonds” as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the Net Proceeds of the Bonds 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 that the aggregate face amount of all the tax-exempt obligations (other than

private activity bonds as defined in Section 141 of the Code) issued by the City, including all subordinate entities of the City, during the calendar year 2015 will not exceed \$5,000,000.

(c) On the date fixed for the delivery of the Bonds, the Mayor and the City Auditor shall make and file in the office of the City Auditor and deliver to the purchaser a certificate in accordance with the provisions of Section 148 of the Code and Treasury Regulations Sections 1.148-2(b) stating that on the basis of the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, as such facts, estimates and circumstances are set forth in the certificate, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of the Code and Regulations.

15. COVENANTS AND AGREEMENTS OF THE CITY. The City covenants and agrees with the holders from time to time of each of the Bonds, (a) that it will use due diligence to collect the tax increments; (b) that it will preserve and enforce for the benefit of the holders of the Bonds all of the rights, powers, and privileges and covenants of the City provided in this Resolution; (c) that in the event of a deficiency in the Principal and Interest Account, the City Council will, appropriate and transfer available sales tax collections in an amount sufficient to remedy the deficiency; and (d) that if the balance in the Principal and Interest Account should at anytime be insufficient to pay all principal and interest then due on the Bonds issued under this Resolution, such balance shall be used first to pay the interest due, and the remainder shall be applied in payment of the principal due on the Bonds in direct order of maturity years and pro rata as to Bonds maturing in the same year. The City reserves the privilege of refunding any of such matured Bonds for the payment of which moneys are not at the time available by issuing new bonds payable from the fund, on a parity with those theretofore issued as to interest charges therein, but the maturity of any such new bonds shall be subsequent to the maturity of all Bonds payable from the fund which then remain outstanding.

16. DISCHARGE. When all of the Bonds have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution shall cease. The City may discharge all Bonds due on any date by depositing with the Paying Agent on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, the same may nevertheless be discharged by depositing with the Paying Agent a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The City may also discharge all Bonds at any time by irrevocably depositing in escrow with a suitable bank, for the purpose of paying all principal and interest when due on such Bond, a sum of cash and securities of the types described in Section 40-27-13, N.D.C.C., in such aggregate amount, bearing interest at such rates and maturing or callable at the holder's option on such dates as shall be required to provide funds sufficient for this purpose.

17. OTHER PROCEEDINGS. The officers of the City and Walsh County are authorized and directed to prepare and furnish to the purchasers of the Bonds, and to the attorneys approving the legality thereof, records of the City, and certificates and affidavits as to other matters shown by their official records and otherwise known to them, which may reasonably be required to evidence

the United States of America by check or draft by the City Auditor, as Bond Registrar and Paying Agent, or its successor designated under the Resolution described below.

_____ This Bond is one of a Series of Bonds issued in the aggregate principal amount of \$760,000, all of like date and tenor except as to serial number, interest rate, redemption privilege, and maturity date, issued for the purpose of financing public improvements within Tax Increment District No.

duly created within the City, pursuant to and in full conformity with the Constitution and laws of the State of North Dakota thereunto enabling, including Chapter 40-58 of the North Dakota Century Code and acts amendatory thereof and supplemental thereto. The Bonds are qualified tax-exempt obligations designated by the City for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Additional provisions of this Bond are contained on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the City of Park River, Walsh County, North Dakota, by its City Council, has caused this Bond to be executed in its behalf by the signature of its Mayor and its City Auditor and has caused this Bond to be dated as of the date set forth below.

CITY OF PARK RIVER, NORTH DAKOTA

(s i g n a t u r e)

Mayor

ATTEST:

(s i g n a t u r e)

City Auditor

(form of reverse of bond)

Optional Redemption. Bonds maturing in the years 2023 and thereafter are each subject to _____ redemption and prepayment at the option of the City in whole or in part, and if in part, in inverse order of maturities, on May 1, 2020, and any date thereafter, at a price equal to the principal amount thereof plus accrued interest.

Mandatory Redemption. The Bonds maturing May 1, 2019, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

Redemption Date (May 1)	Principal Amount	Redemption Date (May 1)	Principal Amount
2016	\$27,000	2018	\$29,000
2017	\$28,000	2019*	\$30,000

*Final Maturity

The Bonds maturing May 1, 2023, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in ^{A-3} the years and in the amounts as follows:

Redemption Date (May 1)	Principal Amount	Redemption Date (May 1)	Principal Amount
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2020	\$31,000	2022	\$33,000
2021	\$32,000	2023*	\$34,000

*Final Maturity

The Bonds maturing May 1, 2027, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2024	\$35,000	2026	\$38,000
2025	\$37,000	2027*	\$39,000

*Final Maturity

The Bonds maturing May 1, 2031, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2028	\$40,000	2030	\$43,000
2029	\$42,000	2031*	\$45,000

*Final Maturity

The Bonds maturing May 1, 2035, are subject to mandatory sinking fund redemption, by random selection, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on May 1, in the years and in the amounts as follows:

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
2032	\$47,000	2034	\$50,000
2033	\$48,000	2035*	\$52,000

*Final Maturity

Not less than thirty (30) days prior to the date specified for redemption and prepayment of any of the Bonds the City will cause notice of call to be mailed to the registered holders thereof. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the holder without charge, representing the remaining principal amount^{A-4} outstanding.

This Bond is payable from the City's 2015 Tax Increment Revenue Bond Fund into which will be
UNIF TRANS MIN ACT Under Uniform Transfers to Minor Act

deposited tax increment collections or sales tax collections levied or to be levied for payment of the principal and interest on this Bond.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by its attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee, or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, COVENANTED, AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of this Bond, have been done, do exist, have happened and have been performed in regular and due form, time, and manner as so required; that the City has duly created the 2015 Tax Increment Revenue Bond Fund (the "Fund") as a separate and special fund and as appropriated to the payment of the principal of and interest on the Bonds of this issue the tax increments to be derived from Tax Increment District No. pursuant to Section 40-58-20 of the North Dakota Century Code, and if necessary for payment thereof, available sales tax collections; that the City has reserved the right and privilege of issuing additional Tax Increment Revenue bonds, payable from the Fund on a parity with the Bonds of this Series; and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations: TEN COM - as tenants in common, TEN ENT - as tenants by the entireties, JT TEN - as joint tenants with right of survivorship and not as tenants in common.

(CUST) (MINOR) (STATE)

Custodian

Additional abbreviations may also be used though not in the above list.

***** FORM

OF A-5 ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ , attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ .

NOTICE: the assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature guaranteed: _____

Signature(s) must be guaranteed by a member of the Medallion Signature Program.

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and address:

(include information for all joint owners if the Bonds are held by joint account.)

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Being no further business, Lundquist moved and Byron seconded to adjourn the meeting at 5:45 PM.

Dan Stenvold, Mayor

ATTEST:

Ann Berg, City Auditor