

CLAY COUNTY BOARD OF COMMISSIONERS

Tuesday, October 11, 2011

9:30 a.m.

County Board Room – 3rd Floor – Courthouse

The Clay County Board of Commissioners met in regular session on Tuesday, October 11, 2011 with all Commissioners present: Campbell, Evert, Ingersoll, Waller, and Weyland. Also present were County Administrator Brian C. Berg and Senior Administrative Assistant Vicki Reek.

APPROVAL OF AGENDA

On motion by Weyland, seconded by Waller, and unanimously carried, the agenda was approved as presented.

APPROVAL TO SPONSOR ANNUAL CLAY TRAIL ALLIANCE, INC., SNOWMOBILE TRAIL MAINTENANCE & GROOMING GRANT

By consent agenda, the Board agreed to sponsor the annual Clay Trail Alliance, Inc. Snowmobile Trail Maintenance and Grooming Grant with the MN Department of Natural Resources, which will provide \$68,874.60 for maintenance and grooming projects for fiscal year 2012.

APPROVAL TO REGISTER WWW.CLAYCOUNTYMN.GOV WITH DOMAIN REGISTRATION

By consent agenda, the Board agreed to execute the necessary documents to register www.claycountymn.gov with Domain Registration for use in Clay County's web infrastructure.

APPROVAL OF NEW PROVIDERS OF HOME & COMMUNITY BASED SERVICES

By consent agenda, the following were added to the list of providers of Home & Community Based Services:

- James Bernhardt, Moorhead – Foster Care
- Hein Ly, Moorhead – Foster Care
- Maqbola Tawfiq, Moorhead – Foster Care

CITIZENS TO BE HEARD

There were no citizens present who wished to address the Board.

UPDATE: 2011 FLOOD BUYOUT PROGRAM

Planning & Environmental Programs Director Tim Magnusson, Buffalo-Red River Watershed District (BRRWD) Office Administrator Bruce Albright, and Mr. Greg Anderson were present to update the Board regarding the recent meeting of the 2011 Flood Buyout Planning Committee.

The Committee has recommended the County Board:

1. Add a slump deduction (as calculated by the County Assessor's Office) back into the valuation for Crestwood Subdivision properties and leave the buyout discount at 12.5%. This will increase overall project costs by approximately \$125,000 but will

reduce the balance of the local match required. (The new match required of the County and BRRWD will be approximately \$119,538.)

2. Approve the sale of flood buyout homes by a public, sealed bid process.
3. Approve sending a letter to MN DNR requesting that they provide additional grant funding to complete Clay County's current 2011 buyout program.

Commissioner Evert inquired if properties other than Crestwood Subdivision will receive slump valuations. Mr. Magnusson indicated that one other property owner raised that question, however after the County Assessor reviewed the property record, the circumstances were not slump related.

Commissioner Campbell noted that during a phone conference with Mr. Pat Lynch, DNR, Mr. Lynch assured the Committee that the State would cover additional costs incurred by including the slump valuation. He reiterated that the goal of the project is for all 31 homes on the buyout list to be benefited. He felt a good compromise has been reached.

Mr. Anderson informed the Board that 10 contracts have been signed for sale of Crestwood Subdivision properties. He is meeting with two other property owners this week.

On motion by Campbell, seconded by Weyland, and unanimously carried, the Board approved adding back the slump deduction into the valuation for Crestwood Subdivision properties, as calculated by the County Assessor's Office; and to leave the buyout discount at 12.5%.

Mr. Anderson informed the Board that he would like to see the acquired homes auctioned as soon as possible, hopefully within a month or six weeks from acquisition. He suggested that monthly advertised auctions be held. To generate the highest sale price, Mr. Anderson felt it would be appropriate for the three highest bidders of each home to be allowed to increase their bid. Each bidder will be required to pay a deposit to assure clean-up of the site once the home is removed. He further suggested that the County's demolition project for Crestwood be scheduled for June, 2012.

On motion by Waller, seconded by Weyland, and unanimously carried, the Board approved the sale of flood buyout homes by a public, sealed bid process.

On motion by Weyland, seconded by Campbell, and unanimously carried, the Board authorized execution of the necessary communication with MN DNR to request additional flood buyout grant funds.

RURAL MN CONCENTRATED EMPLOYMENT PROGRAM UPDATE

Mr. Daniel Wenner, Rural MN Concentrated Employment Program Director, was present to provide an update concerning Rural MN Concentrated Employment Program activities and services provided to Clay County residents.

REQUEST AUTHORIZATION TO PURCHASE IN-CAR CAMERAS

Lt. Bryan Green requested replacement of in-car cameras for nine squad cars. Quotes were received for the cameras, with the low quote of L-3 Mobile Vision, Inc. at \$77,809, via the State bid list. Funds are available in the Internal Service Fund for this purchase.

On motion by Weyland, seconded by Campbell, and unanimously carried, the Board approved the purchase of nine in-car cameras from L-3 Mobile Vision, Inc. for the State bid price of \$77,809.

REQUEST TO WAIVE PENALTY FOR LATE PAYMENT OF TAXES

County Auditor Lori Johnson presented a request on behalf of Mr. Howard Ramstad, who is requesting that the Board waive the penalty he incurred for late payment of taxes. Mr. Ramstad is 91 years old, is almost legally blind, and forgot to pay his taxes.

On motion by Ingersoll and seconded by Weyland, the Board denied the request based on its precedent setting nature. Commissioner Campbell voted against the motion.

CITY OF MOORHEAD REQUEST TO ACQUIRE TAX-FORFEITED LAND

Deputy Auditor Nanci Krenelka informed the Board that the City of Moorhead/Economic Development Authority is requesting to acquire tax forfeited property located at 2301 25 St S, Moorhead (Tire Depot property in the Industrial Park) for the assessed value of \$102,747.18. Ms. Nancy Gunderson, Moorhead City Assessor, informed the Board that after clean-up of the site (contamination issues, removal of a building), the property will be sold for economic development purposes.

On motion by Weyland, seconded by Ingersoll, and unanimously carried, the Board adopted the following resolution:

RESOLUTION 2011-41

BE IT HEREBY RESOLVED, that the Clay County Board of Commissioners hereby approves the request of the City of Moorhead to receive the tax forfeited property described as Parcel #58.504.0060 - Lot 5, Block 1, Moorhead Industrial Park 4th Addition, located at 2301 25th Street South, Moorhead, MN, for an Authorized Public Purpose.

ELECTRONIC DOCUMENT MANAGEMENT SYSTEM FOR INCOME MAINTENANCE UNIT

Social Services Director Rhonda Porter, MIS Director Tim Dent, and Ms. Mary Luhman Olson, Social Services Supervisor were present to request the Board's approval of an investment in an Electronic Document Management System for the Income Maintenance Unit. The first step in this process is a Preliminary Planning Exploration Agreement between Next Chapter Technology and the partners (Clay County, Becker County, and Otter Tail County). Clay County's share of the financial commitment for the first step is between \$4500-\$5600. The six week planning process may lead to consideration of two options for implementation of the system:

Option 1 – County Purchased/Hosted Server:

\$126,905 one-time implementation; \$12,587 annual maintenance

Option 2 – Hosted Subscription/Hosted Server:

\$81,172 one-time implementation; \$37,279 annual maintenance

On motion by Campbell, seconded by Weyland, and unanimously carried, the Board approved execution of the Preliminary Planning Agreement described above, contingent upon approval by Becker and Otter Tail counties.

DISCUSSION RE: 2012 BUDGET

County Administrator Brian C. Berg presented a recap of the 2012 preliminary budget proposal, \$23,397,925, which is a 3.71% decrease in the County's portion of the levy over 2011 (See Attachment "A"). After considerable discussion and due to time constraints, the Board requested that this topic be added to the Board's October 18th agenda for further clarification and discussion of several items: Sheriff's request for full time position, Senior Coordinator position increase, early retirement possibilities, external agency allocations, etc.

Commissioner Campbell noted that the County departments have reduced their budgets as requested, and it would seem the external agency requests should be revisited for reductions as well. Commissioner Waller agreed.

AMERICAN CONCRETE PAVEMENT ASSOCIATION AWARD FOR CSAH 52 PROJECT AND REQUEST FOR OUT OF STATE TRAVEL FOR HIGHWAY DEPARTMENT STAFF

County Engineer David Overbo informed the Board that the American Concrete Pavement Association has recognized Clay County for the CSAH 52 project, constructed by Shafer Contracting Company. Mr. Overbo requested approval for out of state travel for three staff to attend the National Excellence in Concrete Pavement Awards banquet and education opportunity in Indian Wells, California, November 29-December 2. He estimated the total cost for air fare, lodging, and meals to be under \$1200.

On motion by Ingersoll, seconded by Weyland, and unanimously carried, the Board approved out of state travel as described above.

HIGHWAY TOUR OF COUNTY ROADS – OCTOBER 20, 2011

County Engineer David Overbo reminded the Board of the Highway Tour scheduled for Thursday, October 20, 2011, leaving the Courthouse at Noon.

AWARD OF SALE OF BONDS & ADOPT RESOLUTION FOR \$4,215,000 GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2011A

Ms. Carolyn Drude, the County's bond consultant, presented the bid tabulation for nine bids which were received for the sale of \$4,215,000 in General Obligation Capital Improvement Plan Bonds. The best true interest rate, 1.427%, was submitted by United Bankers' Bank, Bloomington, MN (See Attachment "B").

The bond funds will be used to refinance the existing Law Enforcement Center bond and to pay for various capital improvements to County buildings.

On motion by Weyland, seconded by Waller, and unanimously carried, Resolution 2011-42 was adopted (See Attachment "C"): **"Resolution Authorizing Issuance, Awarding Sale, Prescribing the Form and Details for Providing for the Payment of \$4,215,000 General Obligation Capital Improvement Plan Bonds, Series, 2011A"**.

APPROVAL OF BILLS AND VOUCHERS

On motion by Weyland, seconded by Waller, and unanimously carried, the bills and vouchers were approved for payment.

COMMITTEE REPORTS/COUNTY ADMINISTRATOR UPDATE

Commissioner Ingersoll attended meetings of the Moorhead Planning Commission, Metropolitan Council of Governments, and the Joint Powers Committee.

Commissioner Weyland attended a meeting of the MN Rural Counties Caucus.

Commissioner Waller attended the Highway Tracking Committee meeting, and two Flood Buyout Committee meetings.

Commissioner Campbell attended meetings of the Flood Buyout Committee, the Joint Powers Committee, Personnel Issues, and Highway Tracking Committee.

Commissioner Evert attended meetings of the Buffalo Red River Watershed District Advisory Committee, Courthouse Security Committee, and Personnel Issues Committee.

County Administrator Brian Berg informed the Board that he attended the Minnesota Association of County Administrators conference. He advised that Becker County has expressed interest in meeting to discuss the possibility of sharing Assessor's duties. Commissioners Evert and Ingersoll agreed to meet with County Assessor Ryan DeJong and Mr. Berg concerning this prospect. The AMC District IV meeting will be held October 21.

On motion by Waller, seconded by Weyland, and unanimously carried, the Board agreed to meet November 29 at 4:00 p.m. instead of November 22.

ADJOURN

The meeting adjourned at 1:00 p.m.

Jon D. Evert, County Board Chair
Clay County Board of Commissioners

Brian C. Berg, County Administrator

MEMO

TO: Clay County Board of Commissioners

FROM: County Administrator Brian C. Berg *BCB*

DATE: September 30, 2011

As you recall, we have adopted the preliminary budget at \$23,397,925, a 3.71% decrease in the County's portion of the levy over 2011.

This reduction in County levy, along with a 1.27% growth in new construction, will have a positive effect on the expected 8.98% tax increase because of the Market Value Credit payment from the State to the County, causing a net effect of 4%, See Attachment "A".

In order to reach the 4%, the Board established a levy amount and has requested us to work backwards from the levy amount in order to spread the reductions over different functions.

The Board also felt certain New Requests were needed for public safety and Management Information Systems (MIS) in order to maintain a progressive government. The New Requests are listed on Attachment "B".

In order to accommodate the New Requests and other shortfalls in the General Revenue program, the reductions listed in Attachment "C" are suggested, totaling \$221,914. Also included in Attachment "C" are Social Services' most recently identified reductions of \$425,000.

Also included in this packet is a program sheet identifying agencies for which we allocate funds at the level indicated (Attachment "D"). There was discussion from the Board whether we should continue memberships or supportive funding. At this time, the only total elimination of funding is for Western Area Cities/Counties Cooperative (WACCO).

Summary of 2012 Proposed Tax Levy By Funds

Attachment "A"

Category	2012 PROPOSED	2011 LEVY	% INCREASE
General Revenue Fund	14,205,712	14,688,514	-3.29%
Road and Bridge Fund	3,334,848	3,262,369	2.22%
Building Fund	50,000	50,000	
Library			
Debt Retirement - LE	188,399	189,030	-0.33%
Debt Retirement - RB	176,309	175,376	0.53%
Debt Retirement - Courthouse	322,560	324,936	-0.73%
Social Services Fund	8,107,235	8,596,344	-5.69%
Tax Levy	26,385,063	27,286,569	-3.30%
New Requests			
Total Levy	26,385,063	27,286,569	-3.30%
Total Levy	26,385,063	27,286,569	
Less County Program Aid	(2,987,138)	(2,987,138)	
Spread Levy	23,397,925	24,299,431	-3.71%
New Construction			(1.2700)
Net Levy Decrease			(4.9800)
MVC Shift			8.9800
Net Increase			4.0000

9/28/2011

RECOMMENDED NEW REQUESTS

MIS	
Salary	\$39,645
Health Insurance	9,156
PERA	2,874
Social Security	2,458
Medicare	575
Other Professional Services	15,120
Equipment	35,000
	\$104,828

SHERIFF	
Salary	\$43,618
Part Time	(40,000)
Health Insurance	9,156
PERA	6280
Medicare	632
Law Enforcement Supplies	6,000
Uniforms	1,000
	\$26,686

SOIL CONSERVATION	\$3,389
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METROCOG	\$756
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COUNTY ATTORNEY	
Victim Witness Advocate	\$17,000

TOTAL	\$152,659
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**SUGGESTED CUTS TO REACH 4% LEVY
(\$23,397,925)**

Suggested areas in GENERAL REVENUE to reduce:

Expand Furlough Program	\$32,339
Unanticipated	\$25,000
Public Health	\$83,000
Labor Attorney's Negotiation	\$10,000
West Central Initiative	\$5,000
Ag Inspector Program	\$25,000
Probation	\$26,575
Co. Surveyor (Monumentation Program)	\$10,000
WACCO	\$5,000
TOTAL	\$221,914

Suggested areas in SOCIAL SERVICES to reduce:

In-Home Family Based Services	\$33,000
Supervised Child Visitation	\$8,000
Chemical Dependency Treatment	\$75,000
Community Evaluations	\$10,000
Commitments/Hold Order - MH & Sex Offender	\$50,000
Day Training & Habilitation	\$17,520
Out of Home Placements	\$160,000
Contracted Provider Rate Increases	\$15,512
LAC	\$1,000
MnCare Premium Elimination	\$8,000
CCSA Revenue Change	\$46,968
TOTAL	\$425,000

EXTERNAL AGENCY ALLOCATIONS REMAINING IN 2012 BUDGET

	2012 Requested Allocation
Chamber of Commerce (dues)	1,390
Rural Counties Caucus	2,100
Lake Agassiz Regional Library	224,648
Historical & Cultural Society of Clay Co	178,172
Clay County Fair	23,019
Senior Coordinator Program	27,220
MN Red River Valley Development	800
West Central Council on Aging	5,791
Cultural Diversity	4,699
Northern Lights Work Camp	2,500
River Keepers	800
Rural Life Outreach	5,000
Humane Society	1,500
Red River Basin Commission	1,281
F-M Economic Development Corporation	87,500
West Central Initiative <i>(*\$20,000 original request reduced to \$15,000)</i>	*15,000

BID TABULATION**\$4,215,000* General Obligation Capital Improvement Plan Bonds, Series 2011A****CLAY COUNTY, MINNESOTA****SALE: October 11, 2011****AWARD: UNITED BANKERS' BANK****RATING: Standard & Poor's Credit Markets "AA"****BBI: 4.14%**

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
UNITED BANKERS' BANK Bloomington, Minnesota	2013	0.500%	0.500%	\$4,198,140.00	\$231,525.23	1.4279%
	2014	0.700%	0.750%			
	2015	1.000%	1.000%			
	2016	1.300%	1.300%			
	2017	1.550%	1.550%			
	2018	1.800%	1.800%			
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2013	2.000%		\$4,284,113.95	\$255,121.88	1.5565%
	2014	2.000%				
	2015	2.000%				
	2016	2.000%				
	2017	2.000%				
	2018	2.000%				
VINING SPARKS IBG, L.P. Chicago, Illinois	2013	2.000%		\$4,326,775.85	\$272,273.32	1.6451%
	2014	2.000%				
	2015	2.000%				
	2016	2.000%				
	2017	2.000%				
	2018	4.000%				
BOSC, INC., A SUBSIDIARY OF BOK FINANCIAL CORPORATION Menomonee Falls, Wisconsin	2013	2.000%		\$4,326,858.30	\$288,051.56	1.7412%
	2014	2.000%				
	2015	2.000%				
	2016	2.000%				
	2017	3.000%				
	2018	3.000%				

*Subsequent to bid opening the issue size was decreased to \$4,205,000.

Adjusted Price - \$4,188,180.00

Adjusted Net Interest Cost - \$231,048.71

Adjusted TIC - 1.4282%

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Minnesota
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Roseville, MN 55113-1122

**\$4,215,000 General Obligation Capital Improvement Plan Bonds, Series 2011A
Clay County, Minnesota**

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
UMB BANK, N.A. Kansas City, Missouri	2013	0.700%		\$4,187,181.00	\$282,060.51	1.7422%
	2014	1.000%				
	2015	1.200%				
	2016	1.500%				
	2017	1.800%				
	2018	2.100%				
BAIRD Milwaukee, Wisconsin	2013	2.000%		\$4,268,785.50	\$285,403.67	1.7438%
	2014	2.000%				
	2015	2.000%				
	2016	2.000%				
	2017	2.000%				
	2018	2.500%				
PIPER JAFFRAY & CO. Leawood, Kansas	2013	3.000%		\$4,510,621.40	\$303,000.68	1.7824%
	2014	3.000%				
	2015	3.000%				
	2016	4.000%				
	2017	4.000%				
	2018	4.000%				
BMO CAPITAL MARKETS GKST INC. Chicago, Illinois	2013	2.000%		\$4,282,142.00	\$298,358.45	1.8186%
	2014	2.000%				
	2015	2.000%				
	2016	2.250%				
	2017	2.375%				
	2018	2.500%				
HUTCHINSON, SHOCKEY, ERLEY & CO. Chicago, Illinois	2013	2.000%		\$4,305,672.75	\$309,237.11	1.8752%
	2014	2.000%				
	2015	2.000%				
	2016	2.000%				
	2017	3.000%				
	2018	3.000%				

CERTIFICATION OF MINUTES RELATING TO
\$4,215,000 GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS,
SERIES 2011A

Issuer: Clay County, Minnesota

Governing Body: Board of County Commissioners

Kind, date, time and place of meeting: A regular meeting held October 11, 2011 at 11:30 a.m. at the County offices in Moorhead, Minnesota.

Members present: *Campbell, Evert, Ingersoll, Waller, Weyland*

Members absent: *None*

Documents Attached:

Minutes of said meeting (including):

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE
PAYMENT OF \$4,215,000 GENERAL OBLIGATION CAPITAL
IMPROVEMENT PLAN BONDS, SERIES 2011A

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on _____, 2011.

County Auditor

It was reported that 9 sealed proposals for the purchase of the Bonds were received prior to 10:00 a.m. on Tuesday, October 11, 2011, pursuant to the Official Statement distributed to potential purchasers of the Bonds by Ehlers & Associates, Inc., financial advisor to the County. The proposals have been publicly opened, read and tabulated and were found to be as follows:

(See Attached)

Commissioner Weyland introduced the following resolution and moved its adoption, which motion was seconded by Commissioner Waller :

2011-42
RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR
THE PAYMENT OF \$4,215,000 GENERAL OBLIGATION CAPITAL
IMPROVEMENT PLAN BONDS, SERIES 2011A

BE IT RESOLVED by the Board of Commissioners (the "Board") of Clay County, Minnesota (the "County"), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.01. Authorization. On September 6, 2011, this Board held a public hearing on the adoption of amendments to its Capital Improvement Plan (the "CIP") and the question of issuing General Obligation Capital Improvement Plan Bonds (the "Bonds"), after notice duly published in the official newspaper of the County as set forth in Minnesota Statutes, Section 373.40, subdivision 2. No petition requesting a vote on the question of adopting the amendments to the CIP or issuing the Bonds was filed within 30 days of September 6, 2011.

This Board hereby authorizes the issuance and sale of the Bonds in the amount of \$4,215,000. Proceeds of the Bonds will be used to finance (i) the purchase of the Clay County Law Enforcement Center (the "Facilities"), which Facilities are currently leased by the County from The Housing and Redevelopment Authority of Clay County (the "HRA"), and (ii) various capital improvements described in the CIP, as amended (the "Improvements"). The proceeds of the portion of the Bonds being used to purchase the Facilities (the "Refunding Bonds," as hereinafter described) will be applied to refund the HRA's Law Enforcement Facility Revenue Refunding Bonds, Series 2002C, dated, as originally issued, as of December 17, 2002 (the "Series 2002C Bonds"), maturing in the years 2013 through 2017 and outstanding in the principal amount of \$1,845,000 (the "Refunded Bonds"), which Series 2002C Bonds were issued to refinance certain obligations issued to finance improvements to the Facilities. The Refunded Bonds are expected to be called for redemption and prepayment on February 1, 2012 (the "Redemption Date"). The County believes that a substantial debt service savings can be achieved by the issuance and sale of the Refunding Bonds.

1.02. Sale. The County has retained Ehlers & Associates, Inc., as independent financial advisor in connection with the sale of the Bonds. Pursuant to Minnesota Statutes, Section 475.60, subdivision 2, paragraph (9), the requirements as to public sale do not apply to the issuance of the Bonds. Pursuant to the Official Statement, sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened and publicly read and considered, and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of _____, in _____, _____ (the "Purchaser"),

to purchase the Bonds at a price of \$ _____ plus accrued interest, if any, to the date of issuance and delivery.

1.03. Award. The sale of the Bonds is hereby awarded to the Purchaser, and the Chair and County Auditor are hereby authorized and directed to execute a contract on behalf of the County for the sale of the Bonds in accordance with the terms of the proposal. The good faith deposit of the Purchaser shall be retained and deposited by the County until the Bonds have been delivered, and shall be deducted from the purchase price paid at settlement.

1.04. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the Board to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY.

2.01. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of November 8, 2011, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities. The Refunding Bonds and the portion of the Bonds allocable to the Improvements (the "Improvement Bonds") shall mature on February 1 in the years and amounts stated below, and shall bear interest from date of original issue until paid at the annual rates set forth opposite such years and amounts, as follows:

<u>Maturity</u>	<u>Bonds</u>	<u>Rate</u>	<u>Refunding Bonds</u>	<u>Improvement Bonds</u>
2013	\$310,000		\$310,000	
2014	840,000		380,000	\$460,000
2015	845,000		385,000	460,000
2016	865,000		400,000	465,000
2017	875,000		400,000	475,000
2018	480,000			480,000

[REVISE MATURITY SCHEDULE FOR ANY TERM BONDS]

This Board hereby finds that the maximum amount of principal and interest to become due in any year on all outstanding bonds (including the Bonds) issued by the County pursuant to Minnesota Statutes, Section 373.40, subdivision 4 will not equal or exceed 0.12 percent of taxable market value of property in the County for taxes payable in 2011.

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein; provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.07 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.02. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.06 and upon any subsequent transfer or exchange pursuant to Section 2.05, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable semiannually on February 1 and August 1, commencing August 1, 2012, each such date being referred to herein as an Interest Payment Date, to the person in whose name the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar's close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.03. Redemption. The Bonds shall not be subject to optional redemption prior to their stated maturity dates.

[Bonds maturing on February 1, 20__ and 20__ (the Term Bonds) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.03 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

<u>Year</u>	<u>Principal Amount</u>
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The remaining \$_____ stated principal amount of such Bonds shall be paid at maturity on February 1, ____.

<u>Year</u>	<u>Principal Amount</u>
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The remaining \$_____ stated principal amount of such Bonds shall be paid at maturity on February 1, ____.

The County Auditor shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.05 hereof, provided that notice shall be given to any securities depository in accordance with its operational arrangements. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to

bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.]

2.04. Appointment of Initial Registrar. The County hereby appoints U.S. Bank National Association, St. Paul, Minnesota, as the initial registrar, transfer agent and paying agent (the "Registrar"). The Chair and County Auditor are authorized to execute and deliver, on behalf of the County, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The County agrees to pay the reasonable and customary charges of the Registrar for the services performed. The County reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

2.05. Registration. The effect of registration and the rights and duties of the County and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the County.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The County and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to any registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the County and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the County. If the mutilated, destroyed, stolen or lost Bond has already matured it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the County, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.06. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the County Auditor and shall be executed on behalf of the County by the signatures of the Chair and County Auditor, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been

duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the County Auditor shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.07. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever, and neither the Registrar nor the County shall be affected by any notice to the contrary. Neither the Registrar nor the County shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid

and effective to fully satisfy and discharge the County's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the County to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the County determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the County may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the County and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Chair or County Auditor, if not previously filed, is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.08. Form of Bonds. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA

COUNTY OF CLAY

GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS,
SERIES 2011A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
	February 1, 20__	November 8, 2011	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

CLAY COUNTY, MINNESOTA (the "County"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above and promises to pay interest thereon from the date of original issue specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual rate specified above, payable on February 1 and August 1 of each year, commencing August 1, 2012 (each such date, an "Interest Payment Date"). The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month [without option of redemption prior to maturity]. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof at the principal office of the Registrar described below, the principal hereof are payable in lawful money of the United States of America drawn on U.S. Bank National Association, St. Paul, Minnesota, as bond registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the "Registrar"). For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the County have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$4,215,000 issued pursuant to a resolution adopted by the Board of Commissioners on October 11, 2011 (the "Resolution"), to finance and refinance certain capital projects as described in the County's Capital Improvement Plan. This Bond is issued by authority of and in strict accordance with the provisions of the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 373.40 and Chapter 475. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any multiple thereof, of single maturities.

The Bonds shall not be subject to optional redemption prior to their stated maturity dates.

[Bonds maturing in the years ____, ____ and ____ shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to

the redemption date, without premium, on February 1 in each of the years shown below, in an amount equal to the following principal amounts:

<u>Term Bonds Maturing in</u>		<u>Term Bonds Maturing in</u>	
<u>Bond Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>	<u>Bond Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>

<u>Term Bonds Maturing in</u>	
<u>Bond Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>

Prior to the date specified for the redemption of any Bond prior to its stated maturity date, the County will cause notice of the call for redemption to be published if and as required by law, and, at least thirty days prior to the designated redemption date, will cause notice of the call to be mailed by first class mail (or, if applicable, provided in accordance with the operational arrangements of the bond depository), to the registered owner of any Bond to be redeemed at the owner's address as it appears on the bond register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.]

The Bonds have been designated as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the County.

The County and the 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 County nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the County in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof, the County has levied ad valorem taxes on all taxable property in the County, which taxes will be collectible for the years and in amounts sufficient to produce sums not less than five percent in excess of the principal of and interest on the Bonds when due, and has appropriated the taxes to its General Obligation Capital Improvement Plan Bonds, Series 2011A Bond Fund for the payment of principal and interest; that if necessary for payment of principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the County, without limitation as to rate or amount; and that the issuance of this Bond, together with all other indebtedness of the County outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the County to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Clay County, Minnesota, by its Board of Commissioners, has caused this Bond to be executed on its behalf by the facsimile signatures of the Chair and County Auditor.

CLAY COUNTY, MINNESOTA

(Facsimile Signature-County Auditor)

(Facsimile Signature-Chair)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Dated _____

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Representative

SECTION 3. USE OF PROCEEDS. Upon payment for the Bonds by the Purchaser, the County Auditor shall deposit and apply proceeds of the Bonds as follows:

3.01. Construction Fund. There is hereby established on the official books and records of the County a General Obligation Capital Improvement Plan Bonds, Series 2011A Construction Fund (the "Construction Fund"). The Construction Fund shall be credited with \$ _____ from the proceeds of the Bonds, an amount equal to the estimated cost of the Improvements. All proceeds of the Bonds deposited in the Construction Fund will be expended solely for the payment of the costs of the Improvements. The County Auditor shall maintain the Construction Fund until all costs and expenses incurred by the County in connection with the construction of the Improvements have been paid.

3.02. Current Refunding. Bond proceeds in the amount of \$ _____ shall be deposited in the sinking funds established for the Refunded Bonds to be applied to their redemption and prepayment on the Redemption Date in accordance with the provisions of the resolution and indenture authorizing their issuance.

3.03. Costs of Issuance. Bond proceeds in the amount of \$ _____ shall be used to pay costs of issuance of the Bonds.

SECTION 4. GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2011A BOND FUND. The Bonds shall be payable from a separate General Obligation Capital Improvement Plan Bonds, Series 2011A Bond Fund (the "Bond Fund") of the County, which Bond Fund the County agrees to maintain until the Bonds have been paid in full. If the money in the Bond Fund should at any time be insufficient to pay principal and interest due on the Bonds, such amounts shall be paid from other moneys on hand in other funds of the County, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The moneys on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. Into the Bond Fund shall be paid: (a) any amount in excess of the amounts described in Section 3; (b) all taxes collected pursuant to Section 5; (c) all excess amounts on deposit in the debt service funds maintained for the payment of the Refunded Bonds upon the retirement of the Refunded Bonds on the Redemption Date; and (d) any other funds appropriated by the Board for the payment of the Bonds.

SECTION 5. PLEDGE OF TAXING POWERS. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the County shall be and are hereby irrevocably pledged. In order to produce aggregate amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, ad valorem taxes are hereby levied on all taxable property in the County, the taxes to be levied and collected in the following years and amounts:

Levy Years

Collection Years

Amount

See attached levy calculation

The taxes shall be irrevocable as long as any of the Bonds are outstanding and unpaid, provided that the County reserves the right and power to reduce the tax levies from other legally available funds, in accordance with the provisions of Minnesota Statutes, Section 475.61.

SECTION 6. BOND FUND BALANCE RESTRICTION. In order to ensure compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and applicable Treasury Regulations thereunder (the "Regulations"), upon allocation of any funds to the Bond Fund, the balance then on hand in the Fund shall be ascertained. If it exceeds the amount of principal and interest on the Bonds to become due and payable through February 1 next following, plus a reasonable carryover equal to 1/12th of the debt service due in the following bond year, the excess shall (unless an opinion is otherwise received from bond counsel) be used to prepay the Bonds, or invested at a yield which does not exceed the yield on the Bonds calculated in accordance with Section 148 of the Code.

SECTION 7. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the registered owners of the Bonds shall cease. The County may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The County may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity, provided, however, that if such deposit is made more than ninety days before the maturity date of the Bonds to be discharged, the County shall have received a written opinion of Bond Counsel to the effect that such deposit does not adversely affect the exemption of interest on any Bonds from federal income taxation and a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest on the Bonds to be discharged on and before their maturity dates.

SECTION 8. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

8.01. Covenant. The County covenants and agrees with the owners from time to time of 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 includable in gross income of the recipient under the Code and applicable Regulations, and covenants to take any and all affirmative actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations. The County represents and covenants that all improvements financed from the proceeds of the Bonds are and will be owned and operated by the County and available for use by members of the general public on a

substantially equal basis. The County has not and will not enter into any lease, management contract, operating agreement, use agreement or other contract relating to the use, operation or maintenance of the financed facilities or any part thereof which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

8.02. Arbitrage Certification. The Chair and County Auditor being the officers of the County charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and the applicable Regulations.

8.03. Qualified Tax-Exempt Obligations. The Board hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) which will be issued by the County and all subordinate entities during calendar year 2011 does not exceed \$10,000,000.

8.04. Arbitrage Rebate. The County expects that the Refunding Bonds will qualify for an exemption from rebate requirements pursuant to one or more of the spending exceptions set forth in Section 1.148-7 of the Regulations. It is further hereby determined that the County will qualify for the exception from arbitrage rebate for the Improvement Bonds provided by Section 148(f)(4)(D) of the Code since the County has general taxing powers, no Improvement Bond is a "private activity bond" within the meaning of Section 141 of the Code, 95% or more of the net proceeds of the Improvement Bonds are to be used for local governmental activities of the County, and the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the County and all subordinate entities thereof during the year 2011 is not reasonably expected to exceed \$5,000,000.

Notwithstanding the provisions of this Section 8.04 hereinabove, if the arbitrage rebate provisions of Section 148(f) of the Code apply to the Bonds, the County hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f) and applicable Regulations.

8.05. Reimbursement. The County certifies that the proceeds of the Improvement Bonds will not be used by the County to reimburse itself for any expenditure with respect to the financed facilities which the County paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the County shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations, provided that a declaration of official intent shall not be required (i) with respect to certain de minimis expenditures, if any, with respect to the Improvements meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the financed facilities as defined in Section 1.150-2(f)(2) of the Regulations,

including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Bonds.

8.06. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The County has complied in all material respects with any undertaking previously entered into by it under the Rule. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

- (1) on or before 365 days after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2010, the following financial information and operating data in respect of the County (the Disclosure Information):
 - (A) the audited financial statements of the County for such fiscal year, prepared in accordance with generally accepted accounting principles 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 County, 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 County; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: Valuations; Debt; and Tax Levies and Collections.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a “Material Fact”):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;

- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
 - (C) the termination of the obligations of the County under this section pursuant to subsection (d);

- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the County.

(c) Manner of Disclosure.

- (1) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the County in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 9. CERTIFICATION OF PROCEEDINGS.

9.01. Registration and Levy of Taxes. The County Auditor is hereby authorized and directed to file a certified copy of this resolution in the records of the County Auditor, together with such additional information as required, and to issue a certificate that the Bonds have been duly entered upon the County Auditor's bond register and the tax required by law has been levied.

9.02. Certification of Records. The officers of the County are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the County relating to the Bonds and to the financial condition and affairs of the County, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds as they 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 County to the facts recited herein.

9.03. Official Statement. The Official Statement, dated September 29, 2011, relating to the Bonds prepared and distributed by Ehlers & Associates, Inc., the financial advisor for the County, is hereby approved. Ehlers & Associates, Inc. is hereby authorized on behalf of the County, to prepare and distribute to the Purchaser within seven business days from the date hereof, a supplement to the Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The officers of the County are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

9.04. Authorization of Payment of Certain Costs of Issuance of the Bonds. The County authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Klein Bank on the closing date for further distribution as directed by the County's financial advisor, Ehlers & Associates, Inc.

SECTION 11. REDEMPTION OF REFUNDED BONDS. The County shall request that the HRA call for the redemption of the Refunded Bonds on the Redemption Date.

Upon vote being taken thereon the following voted in favor thereof: *unanimous*

and the following voted against the same: *none*

whereupon the resolution was declared duly passed and adopted.

CERTIFICATE OF CLAY COUNTY AUDITOR
AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting Clay County Auditor, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on October 11, 2011, by the Board of Commissioners of Clay County, Minnesota, setting forth the form and details of an issue of \$4,215,000 General Obligation Capital Improvement Plan Bonds, Series 2011A, dated as of November 8, 2011, and levying taxes for the payment thereof.

I further certify that the issue has been entered on my bond register and the tax required by law for their payment has been levied and filed as required by Minnesota Statutes, Sections 475.61 to 475.63.

WITNESS my hand and official seal this _____ day of _____, 2011.

County Auditor

(SEAL)