

SUPPLEMENTAL PACKET

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

Meeting Date Feb. 21, 2017

Council Action Memo

To: Mayor Bend and Members of the City Council
 From: Ron Moorse, City Administrator
 Date: February 21, 2017
 Re: 2017 Pavement Management Project - **Supplemental**

The Public Works Committee met at 9:00 a.m. on Tuesday, February 21, 2017 to clarify the scope of the work to be included in the 2017 Pavement Management Project, to clarify the estimated cost of the Project and the funding for the Project, and to clarify the engineering fees for the project.

Project Scope, Cost and Bonding

The Committee agreed on a recommendation that the scope of the project should include 10.47 miles of reclamation and 2.37 miles of mill and overlays, and that all miles of reclamation and 1.3 miles of mill and overlay should be included in a base bid and 1.07 miles of mill and overlay for Oakgreen Circle should be included as an add/alternate. (Please see the outline of the base bid and alternates below).

Cost Estimates. WSB had provided a cost estimate of \$270,000 per mile that included both reclamation and mill and overlay. They have now refined that estimate to be \$290,000 for reclamation and \$200,000 for mill and overlay. Based on these cost estimates, the cost of the base bid is estimated at \$3,296,300. The cost of the mill and overlay for Oakgreen Circle is estimated at \$214,000. This would put the total cost at \$3,510,300.

Bonding. Council member Ross has prepared a spreadsheet showing that, with a bond issue of \$3.5 million and a cash infusion of \$200,000, a project with a cost of \$3,726,000 could be funded in 2017. The Public Works Committee is recommending this funding alternative.

Add/Alternate. The add/alternate is being recommended to address the risk of the low bid on the total project being higher than the estimated cost and beyond the funding provided by the bond issue and the \$200,000 cash infusion. If the base bid comes in as estimated, the add/alternate can be added to the project.

Base Bid

Reclamation:

15th Street (Neal – Stagecoach) – 2.09 miles
 30th Street (Trading Post – 300' w/o Nybeck) – 0.6 miles
 Indian Trail (Hudson – Stagecoach) – 2.35 miles
 42nd (Trading Post – End of Curb, n/o driveway of 15115 = 0.7 miles) - .86 miles
 Nybeck (30th – Oakgreen Cr) - 0.59 miles
 Trading Post (40th – 60th) 2.4 miles (includes section of gravel road)
 Odell Ave S (Trading Post – 50th) – Reclamation – 0.8 miles
 34th, Norsted, 33rd - Reclamation – 0.78 miles

Total = 10.47 mile

Mill and Overlay:

Oakgreen Ave (Oakgreen Cr - 40th) 0.31 miles

42nd (Beg of Curb, n/o driveway at 15115 – Pasture Ridge 0.4 miles) -0.26 miles

Tomahawk Dr (Indian Trl – Circle) – Mill and Overlay – 0.23 miles

Pasture Ridge (42nd – 45th), 45th (Pasture Ridge – St. Croix Trl) – M & O – 0.5 miles

Total = 1.3 miles

Alternates

Alt 1: Oakgreen Circle – Mill and Overlay – 1.07 miles

Alt 2: Construction Survey (see Engineering Costs below)

Engineering Costs

City Engineer Diane Hankee reported that WSB will be able to provide the plans and specifications and advertisement for bids at a cost of \$100,000 vs. the proposed and approved amount of \$150,000. She also provided the attached proposal for construction inspection and related services with a cost of \$49,000. The proposal reflects a bare-bones scope of services, focused on those items that have the greatest impact on the quality and longevity of the project.

Construction Survey. A significant item not included in the scope of services is staking the centerlines of the roadways, which has an estimated cost of \$25,000. This item can be included in the bid specifications as a contractor responsibility. The Public Works Committee's discussion of this item resulted in a recommendation to make the staking work an add/alternate, so that the City can decide whether to include it as part of the contract or have the City Engineer do this work, subject to the low bidder's cost.

COUNCIL ACTION REQUESTED:

Motion regarding the project scope, cost, bonding and engineering services and fees for the 2017 Pavement Management Project.

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

Meeting Date Feb. 21, 2017

Council Action Memo

To: Mayor Bend and Members of the City Council
From: Ron Moorese, City Administrator
Date: February 10, 2017
Re: 2017 Rate Schedule from WSB for Engineering Services - **Supplemental**

Attached is a letter from Todd Hubmer of WSB requesting an opportunity to work with the Council or a subcommittee of the Council to better understand the Council's concerns and address them as necessary. Also, staff is in the process of preparing a comparative analysis of rates charged by engineering firms serving cities in the metro area.



February 21, 2017

Mr. Ron Moorse
City Administrator
City of Afton
PO Box 219
3033 St. Croix Trail South
Afton, MN 55001-9674

Re: City Engineering Service Fees
City of Afton, MN

Dear Mr. Moorse:

It has come to our attention that the Afton City Council would like to review their City Engineering services fees. If desired by the Council we would like the opportunity to work with the City Council or a sub committee of the Council to better understand the concerns and address them as necessary. There are many options available to structure our services and we are sure that we can find an option that will continue to meet the needs of the City of Afton.

We are dedicated to providing the City of Afton, the best value in professional services. We look forward to working with you to continue our role as Afton's City Engineer.

Please contact me at your convenience at 612-360-1282 if you have any questions or concerns.

Sincerely,

WSB & Associates, Inc.

A handwritten signature in black ink that reads "Todd Hubmer". The signature is written in a cursive style with a horizontal line above the first name.

Todd Hubmer, PE
Principal

City of Afton
3033 St. Croix Trl, P.O. Box 219
Afton, MN 55001

Meeting Date Feb. 21, 2017

Council Action Memo

To: Mayor Bend and Members of the City Council
From: Ron Moorse, City Administrator
Date: February 21, 2017
Re: Approve Plans and Specifications and Advertisement for Bids for the 2017 Pavement Management Project – **Resolution 2017-16**

Attached is a resolution approving the plans and specifications and the advertisement for bids for the 2017 Pavement Management Project. The adoption of the resolution enables the City Engineer to move forward with the advertisement for bids for the project.

COUNCIL ACTION REQUESTED:

Motion regarding the adoption of resolution 2017-16 approving plans and specifications and the advertisement for bids for the 2017 Pavement Management Project.

RESOLUTION 2017-16

CITY OF AFTON
WASHINGTON COUNTY, MINNESOTA

**A RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND AUTHORIZING
ADVERTISEMENT FOR BIDS FOR THE 2017 PAVEMENT MANAGEMENT PROJECT**

WHEREAS, pursuant to direction by the City Council on January 17, 2017, WSB and Associates, Inc. has prepared plans and specifications for the 2017 Pavement Management Project and has presented such plans to the Council for approval;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Afton:

1. Approves such plans and specifications, a copy of which is on file at City Hall, titled 2017 Pavement Management Project and dated February 21, 2017.
2. Authorizes and directs WSB and Associates, Inc. to advertise for bids, provide construction observation, and close out the project once it is complete.

The City Clerk shall prepare and cause to be inserted in the official paper and in Finance and Commerce an advertisement for bids for the making of such improvement under such approved plans and specifications. The advertisement shall be published for a minimum of two weeks, shall specify the work to be done, shall state that bids will be received by the Clerk, at which time they will be publicly opened at the City Hall by the City Clerk and Engineer, will then be tabulated, and will be considered by the Council in April, 2017, in the Council Chambers of Afton City Hall. Any bidder whose responsibility is questioned during consideration of the bid will be given an opportunity to address the Council on the issue of responsibility. No bids will be considered unless sealed and filed with the Clerk and accompanied by a cash deposit, cashier's check, bid bond or certified check payable to the City of Afton for five (5) percent of the amount of such bid.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF AFTON THIS 21st DAY OF FEBRUARY 2017.

SIGNED:

Richard Bend, Mayor

ATTEST:

Ronald J. Moorse, City Administrator

Motion by:

Second by:

Palmquist:

Richter:

Ross:

Nelson:

Bend:

Deb Meade

From: Deb Meade
Sent: Tuesday, February 21, 2017 3:30 PM
To: Deb Meade
Subject: FW: Afton, MN - Post Sale Information Series 2017A
Attachments: Winning Bid Signed by the Purchaser.pdf; Post-Sale Schedules.xlsx; Bid Tab 2017A.pdf; Award Resolution - Clean- 2017A.docx; Award Resolution - Redlined - 2017A.docx
Importance: High

From: Grethe Bornhoft [<mailto:gbornhoft@springsted.com>]
Sent: Tuesday, February 21, 2017 2:22 PM
To: Ron Moore <rmoore@ci.afton.mn.us>; mippel@briggs.com; ccasey@briggs.com; Doug Green <dgreen@springsted.com>; Craig Wieber <cwieber@springsted.com>; Lauren Volz <lvolz@springsted.com>
Subject: Afton, MN - Post Sale Information Series 2017A
Importance: High

City of Afton, Minnesota
 \$1,980,000 General Obligation Temporary Improvement Bonds, Series 2017A

Good afternoon,

Attached please find the post sale schedules, winning bid form as signed by the Purchaser, and bid tabulation for consideration at the Council meeting this evening. I have also attached a clean and relined version of the updated awarding resolution, which has not yet been reviewed by bond counsel and is still subject to their review and comment.

Doug will be bringing certification pages with him to the meeting. If anyone needs anything additional, or has any questions, please let me know.

Thank you,

Grethe

Grethe Bornhoft, CIPMA
 Assistant Vice President
 Senior Bond Services Analyst

Springsted Incorporated
 380 Jackson Street, Suite 300
 Saint Paul, MN 55101-2887

651.223.3071
 651.268.5071 Fax
gbornhoft@springsted.com

Visit us on the web at www.springsted.com

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UMB Bank N.A. - Kansas City , MO's Bid

**City of Afton, Minnesota
~~\$2,000,000~~ \$1,980,000 General Obligation Temporary Improvement
 Bonds, Series 2017A**

For the aggregate principal amount of ~~\$2,000,000.00~~ \$1,980,000.00, we will pay you ~~\$2,008,160.00~~ \$1,988,078.40, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate:

Maturity Date	Amount \$	Coupon %	Yield %	Dollar Price	Bond Insurance
04/01/2020	2,000M 1.980M	1.5500	1.0000	100.828	
Total Interest Cost:			\$93,688.89	\$92,752.00	
Premium:			\$8,160.00	\$8,078.40	
Net Interest Cost:			\$85,528.89	\$84,673.60	
TIC:			1.411581	1.411581	
Total Insurance Premium:				\$0.00	
Time Last Bid Received On:02/21/2017 11:18:55 CST					

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: UMB Bank N.A., Kansas City , MO
 Contact: Kristin Koziol
 Title: VP
 Telephone:816-860-7223
 Fax: 816-843-4325

Issuer Name: City of Afton

Company Name: UMB Bank N.A.

Accepted By: _____

Accepted By: Kristin Koziol _____

Date: _____

Date: 2/21/17 _____

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Sources & Uses

Dated 03/23/2017 | Delivered 03/23/2017

Sources Of Funds

Par Amount of Bonds.....	\$1,980,000.00
Transfers from Prior Issue Debt Service Funds.....	1,800,000.00
Reoffering Premium.....	16,394.40

Total Sources..... \$3,796,394.40

Uses Of Funds

Deposit to Payment Account.....	3,755,000.00
Costs of Issuance.....	33,078.40
Total Underwriter's Discount (0.420%).....	8,316.00

Total Uses..... \$3,796,394.40

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
04/01/2020	Serial Coupon	1.550%	1.000%	1,980,000.00	100.828%	c 1.270%	10/01/2018	100.000%	1,996,394.40
Total	-	-	-	\$1,980,000.00	-	-	-	-	\$1,996,394.40

Bid Information

Par Amount of Bonds.....	\$1,980,000.00
Reoffering Premium or (Discount).....	16,394.40
Gross Production.....	\$1,996,394.40
Total Underwriter's Discount (0.420%).....	\$(8,316.00)
Bid (100.408%).....	1,988,078.40
Total Purchase Price.....	\$1,988,078.40
Bond Year Dollars.....	\$5,984.00
Average Life.....	3.022 Years
Average Coupon.....	1.5500000%
Net Interest Cost (NIC).....	1.4150000%
True Interest Cost (TIC).....	1.4115815%

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2017	-	-	16,027.00	16,027.00
04/01/2018	-	-	15,345.00	15,345.00
10/01/2018	-	-	15,345.00	15,345.00
04/01/2019	-	-	15,345.00	15,345.00
10/01/2019	-	-	15,345.00	15,345.00
04/01/2020	1,980,000.00	1.550%	15,345.00	1,995,345.00
Total	\$1,980,000.00	-	\$92,752.00	\$2,072,752.00

SIGNIFICANT DATES

Dated Date.....	3/23/2017
Delivery Date.....	3/23/2017
First Coupon Date.....	10/01/2017

Yield Statistics

Bond Year Dollars.....	\$5,984.00
Average Life.....	3.022 Years
Average Coupon.....	1.5500000%
Net Interest Cost (NIC).....	1.4150000%
True Interest Cost (TIC).....	1.4115815%
Bond Yield for Arbitrage Purposes.....	1.0004872%
All Inclusive Cost (AIC).....	1.9531888%

IRS Form 8038

Net Interest Cost.....	1.2655507%
Weighted Average Maturity.....	3.022 Years

\$1,980,000**City of Afton, Minnesota****General Obligation Temporary Improvement Bonds, Series 2017A****Post-Sale Tax Levies**

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Levy Amount	Levy/Collect Year
04/01/2018	-	-	31,372.00	31,372.00	32,940.60	32,940.60 *	2016/2017
04/01/2019	-	-	30,690.00	30,690.00	32,224.50	32,224.50 *	2017/2018
04/01/2020	1,980,000.00	1.550%	30,690.00	2,010,690.00	2,111,224.50	2,111,224.50 *	2018/2019
Total	\$1,980,000.00	-	\$92,752.00	\$2,072,752.00	\$2,176,389.60	\$2,176,389.60	-

* On or before April 1, 2020, the City expects to redeem the outstanding principal of and any accrued interest on the Bonds.

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Settlement Report

Dated 03/23/2017 | Delivered 03/23/2017

Price.....	\$1,988,078.40
Total Purchase Price.....	\$1,988,078.40
Good Faith Deposit.....	(20,000.00)
Due at Closing.....	\$1,968,078.40

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
03/23/2017	-	-	-	-	-
04/01/2020	1,980,000.00	100.828%	1,996,394.40	3.0222222x	6,033,547.52
Total	\$1,980,000.00	-	\$1,996,394.40	-	\$6,033,547.52

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price.....	3.022 Years
Total Interest from Debt Service.....	92,752.00
Reoffering (Premium) or Discount.....	(16,394.40)
Total Interest.....	76,357.60
NIC = Interest / (Issue Price * Average Maturity).....	1.2655507%
Bond Yield for Arbitrage Purposes.....	1.0004872%

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Proof of Premium/5Yr Call Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
04/01/2020	-	-	2,012,309.38	No
04/01/2020	10/01/2018	100.000%	1,996,394.40	Yes

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
03/23/2017	-	-	-
10/01/2017	-	16,027.00	16,027.00
04/01/2018	-	15,345.00	15,345.00
10/01/2018	1,980,000.00	15,345.00	1,995,345.00
Total	\$1,980,000.00	\$46,717.00	\$2,026,717.00

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Proof Of Bond Yield @ 1.0004872%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
03/23/2017	-	1.0000000x	-	-
10/01/2017	16,027.00	0.9948018x	15,943.69	15,943.69
04/01/2018	15,345.00	0.9898502x	15,189.25	31,132.94
10/01/2018	1,995,345.00	0.9849231x	1,965,261.46	1,996,394.40
Total	\$2,026,717.00	-	\$1,996,394.40	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$1,980,000.00
Reoffering Premium or (Discount).....	16,394.40
Original Issue Proceeds.....	\$1,996,394.40

\$1,980,000

City of Afton, Minnesota
General Obligation Temporary Improvement Bonds, Series 2017A

Bond Balance Report

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
10/01/2017	-	-	16,027.00	16,027.00	1,980,000.00
04/01/2018	-	-	15,345.00	15,345.00	1,980,000.00
10/01/2018	-	-	15,345.00	15,345.00	1,980,000.00
04/01/2019	-	-	15,345.00	15,345.00	1,980,000.00
10/01/2019	-	-	15,345.00	15,345.00	1,980,000.00
04/01/2020	1,980,000.00	1.550%	15,345.00	1,995,345.00	-
Total	\$1,980,000.00	-	\$92,752.00	\$2,072,752.00	-



Springsted Incorporated
 380 Jackson Street, Suite 300
 Saint Paul, MN 55101-2887

Tel: 651-223-3000
 Fax: 651-223-3002
 Email: advisors@springsted.com
 www.springsted.com

\$2,000,000^(a)

CITY OF AFTON, MINNESOTA

GENERAL OBLIGATION TEMPORARY IMPROVEMENT BONDS, SERIES 2017A

(BOOK ENTRY ONLY)

AWARD: UMB BANK N.A.

SALE: February 21, 2017

S&P Rating: AA+

Bidder	Interest Rates	Price	Net Interest Cost	True Interest Rate
UMB BANK, N.A.	1.55% April 1, 2020	\$2,008,160.00 ^(b)	\$85,528.89 ^(b)	1.4115% ^(b)
PIPER JAFFRAY & CO.	1.375% April 1, 2020	\$1,994,240.00	\$88,871.11	1.4727%
UNITED BANKERS' BANK	1.625% April 1, 2020	\$2,004,760.00	\$93,462.22	1.5440%
NORTHLAND SECURITIES, INC.	1.50% April 1, 2020	\$1,995,640.00	\$95,026.67	1.5740%
FTN FINANCIAL CAPITAL MARKETS	2.00% April 1, 2020	\$2,014,749.20	\$106,139.69	1.7483%

REOFFERING SCHEDULE OF THE PURCHASER

Rate	Year	Yield
1.55%	April 1, 2020	1.00%

BBI: 3.88%
 Average Maturity: 3.022 Years

^(a) Subsequent to bid opening, the issue size decreased from \$2,000,000 to \$1,980,000.

^(b) Subsequent to bid opening, the price, net interest cost, and true interest rate have changed to \$1,988,078.40, \$84,673.60, and 1.4115%, respectively.

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

HELD: February 21, 2017

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Afton, Washington County, Minnesota, was duly held at the City Hall on February 21, 2017, at 7:00 P.M., for the purpose, in part, of considering proposals and awarding the sale of \$1,980,000 General Obligation Temporary Improvement Bonds, Series 2017A.

The following members present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,980,000 GENERAL OBLIGATION TEMPORARY IMPROVEMENT BONDS, SERIES 2017A AND PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City of Afton, Minnesota (the "City"), pursuant to Minnesota Statutes, Chapters 429 and 475, to temporarily finance various improvement projects within the City (the "Improvements"), has heretofore issued \$3,755,000 original principal amount of General Obligation Temporary Improvement Bonds, Series 2015A, dated April 16, 2015 (the "Prior Bonds"), pursuant to Resolution 2015-29 of the City Council adopted on March 25, 2015, authorizing the issuance of the Prior Bonds (the "Prior Resolution") which mature on April 1, 2017 (the "Maturity Date"); and

B. WHEREAS, the City Council has also heretofore determined and declared that it is necessary and expedient to issue \$1,980,000 aggregate principal amount of General Obligation Temporary Improvement Bonds, Series 2017A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapters 475 and 429 to pay the Prior Bonds on the Maturity Date; and

C. WHEREAS, the City has retained Springsted Incorporated, in St. Paul, Minnesota ("Springsted"), as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Springsted; and

D. WHEREAS, the proposals set forth on Exhibit B attached hereto were received by the Administrator, or designee, at the offices of Springsted, at 12:00 Noon, on the date hereof, pursuant to the Terms of Proposal established for the Bonds; and

E. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

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

1. Acceptance of Proposal. The offer of UMB Bank, N.A., Kansas City, Missouri (the "Purchaser"), to purchase the Bonds in accordance with the terms and rates of interest hereinafter set forth, and to pay therefor the sum of \$1,988,078.40, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted and the Bonds are hereby awarded to the Purchaser. The City Administrator is directed to retain the deposit of the Purchaser and to return to the unsuccessful bidders any good faith checks or drafts.

2. Terms of Bonds.

(a) Original Issue Date; Denominations; Maturities. The Bonds shall be dated March 23, 2017, as the date of original issue, and shall be issued forthwith on or after such date in fully registered form. The Bond shall be numbered R-1 in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on April 1, 2020.

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

- (i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.
- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO, as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the

payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
- (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.
- (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
- (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.
- (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to

any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Refunding Findings. The Bonds shall provide funds for a current refunding of the Refunded Bonds (the "Refunding"). It is hereby found and determined that the Refunding is pursuant to Minnesota Statutes, Section 475.61.

4. Interest. The Bonds shall bear interest payable semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing October 1, 2017, calculated on the basis of a 360-day year of twelve 30-day months, at the rate of 1.55% per annum.

5. Redemption. The Bonds shall be subject to redemption and prepayment at the option of the City on October 1, 2018, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. U.S. Bank National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
WASHINGTON COUNTY
CITY OF AFTON

R- _____

\$ _____

GENERAL OBLIGATION REFUNDING BOND, SERIES 2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	April 1, 2020	March 23, 2017	008347 BM7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Afton, Washington County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing October 1, 2017, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the U.S. Bank National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of

the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. The Bonds of this issue (the "Bonds") are subject to redemption and prepayment at the option of the City on October 1, 2018, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds at least thirty days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,980,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on February 21, 2017 (the "Resolution"), for the purpose of providing funds for a current refunding of certain outstanding general obligations of the Issuer. This Bond is payable out of the General Obligation Temporary Improvement Bonds, Series 2017A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest

when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

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

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

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

Qualified Tax-Exempt Obligations. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Afton, Washington County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: U.S. BANK NATIONAL
ASSOCIATION

Payable at: U.S. BANK NATIONAL
ASSOCIATION

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF AFTON,
WASHINGTON COUNTY, MINNESOTA

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

/s/ Facsimile
Mayor

U.S. BANK NATIONAL
ASSOCIATION
St. Paul, Minnesota,
Bond Registrar

/s/ Facsimile
Administrator

By: _____
Authorized Signature

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of March 23, 2017. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing

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

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Temporary Improvement Bonds, Series 2017A Fund"

(the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon shall have been fully paid. There shall be maintained and created in the fund the "Payment Account" and a "Debt Service Account".

(a) Payment Account. The proceeds of the Bonds shall be deposited in the Payment Account. On or prior to the Maturity Date, the Administrator shall transfer Bond proceeds from the Payment Account in the amounts of \$1,955,000.00 to the paying agent for the Prior Bonds. The sums are sufficient, together with unspent bond proceeds of the Prior Bonds in the amount of \$1,800,000.00, and other available moneys of the City, if any, to pay the principal and interest on the Refunded Bonds on the Maturity Date, including the principal of the Refunded Bonds called for redemption on the Maturity Date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded Bonds shall be transferred to the Debt Service Account.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) all funds paid for the Bonds in excess of the minimum bid; (ii) any balance remaining after the Maturity Date in the Prior Bonds Debt Service Account established by the Prior Resolution; (iii) all collection of special assessments herein covenanted to be levied with respect to the Improvements; (iv) all investment earnings on funds in the Debt Service Account; (v) any taxes herein or hereafter levied for the payment of the Bonds; and (vi) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Pledge of Proceeds of Definitive Improvement Bonds, Special Assessments; Coverage Test. To provide moneys for the prompt and full payment of principal and interest on

the Bonds, the City shall issue and sell the definitive improvement bonds for delivery and payment at or prior to the maturity date of the Bonds. The proceeds of the definitive improvement bonds, together with special assessments, if any, and the tax levy for the Improvements to be received before the maturity date of the Bonds, are hereby found, determined and declared to be sufficient in amount to pay when due one hundred five percent of the principal of and interest on the Bonds.

17. Conditions Prior to Issuance of Definitive Improvement Bonds. It is hereby found, determined and declared that all conditions precedent to the offering of definitive improvement bonds of the City to refund the Bonds to the extent necessary within the meaning of Minnesota Statutes, Section 475.61, Subdivision 5, have been met and exist.

18. Assessments. It is hereby determined that no less than twenty percent of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be levied against every assessable lot, piece and parcel of land benefited by any of the Improvements. The City hereby further covenants and agrees that it will do and perform as soon as they may be done all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

19. Tax Levy; Coverage Test. To provide moneys for payment of the interest on the Bonds, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
See attached schedules		

The tax levies are such that if collected in full they, together with estimated collections of special assessments and any other revenues herein pledged for the payment of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the interest payments on the Bonds. The tax levies shall be irrevocable so long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

20. Bondholder Covenant. The provisions of this resolution constitute a covenant with the Holder of the Bonds and the definitive improvement bonds to be issued to refund the Bonds and, with respect to the payment of funds to the Debt Service Account, a pledge of those funds for the benefit of the holder of the Bonds payable therefrom.

21. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

22. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably 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 to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City 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 suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date

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

24. Supplemental Resolution. The Prior Resolutions authorizing the issuance of the Prior Bonds are hereby supplemented to the extent necessary to give effect to the provisions hereof.

25. Certificate of Registration. The Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Washington County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

26. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as

otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

27. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the improvements refinanced by the Prior Bonds (the "Project"), or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

28. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The City expects to satisfy the six month expenditure exemption from gross proceeds of the Bonds as provided in Section 1.148-7(c) of the Regulations. The Mayor and or Administrator are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

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

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2017 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

30. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Springsted is hereby approved and the officers of the City are authorized in

connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

31. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (a) consistent with the requirements under the Rule, (b) required by the Purchaser of the Bonds, and (c) acceptable to the Officers.

32. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

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

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

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF WASHINGTON
CITY OF AFTON

I, the undersigned, being the duly qualified Administrator of the City of Afton, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to considering proposals and awarding the sale of \$1,980,000 General Obligation Temporary Improvement Bonds, Series 2017A.

WITNESS my hand on _____, 2017.

Administrator

EXHIBIT A
BID TABULATION



Springsted Incorporated
380 Jackson Street, Suite 300
Saint Paul, MN 55101-2887
Tel: 651-223-3000
Fax: 651-223-3002
Email: advisors@springsted.com
www.springsted.com

\$2,000,000^(a)

CITY OF AFTON, MINNESOTA

GENERAL OBLIGATION TEMPORARY IMPROVEMENT BONDS, SERIES 2017A

(BOOK ENTRY ONLY)

AWARD: UMB BANK N.A.

SALE: February 21, 2017

S&P Rating: AA+

Bidder	Interest Rates	Price	Net Interest Cost	True Interest Rate
UMB BANK, N.A.	1.55% April 1, 2020	\$2,008,160.00 ^(b)	\$85,528.89 ^(b)	1.4115% ^(b)
PIPER JAFFRAY & CO.	1.375% April 1, 2020	\$1,994,240.00	\$88,871.11	1.4727%
UNITED BANKERS' BANK	1.625% April 1, 2020	\$2,004,760.00	\$93,462.22	1.5440%
NORTHLAND SECURITIES, INC.	1.50% April 1, 2020	\$1,995,640.00	\$95,026.67	1.5740%
FTN FINANCIAL CAPITAL MARKETS	2.00% April 1, 2020	\$2,014,749.20	\$106,139.69	1.7483%

REOFFERING SCHEDULE OF THE PURCHASER

Rate	Year	Yield
1.55%	April 1, 2020	1.00%

BBI: 3.88%
Average Maturity: 3.022 Years

^(a) Subsequent to bid opening, the issue size decreased from \$2,000,000 to \$1,980,000.

^(b) Subsequent to bid opening, the price, net interest cost, and true interest rate have changed to \$1,988,078.40, \$84,673.60, and 1.4115%, respectively.

Public Sector Advisors

EXHIBIT B

TAX LEVY

FINAL

\$1,980,000

City of Afton, Minnesota
 General Obligation Temporary Improvement Bonds, Series 2017A

Post-Sale Tax Levies

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Levy Amount	Levy/Collect Year
04/01/2018	-	-	31,372.00	31,372.00	32,940.60	32,940.60 *	2016/2017
04/01/2019	-	-	30,690.00	30,690.00	32,224.50	32,224.50 *	2017/2018
04/01/2020	1,980,000.00	1.550%	30,690.00	2,010,690.00	2,111,224.50	2,111,224.50 *	2018/2019
Total	\$1,980,000.00	-	\$92,752.00	\$2,072,752.00	\$2,176,389.60	\$2,176,389.60	-

* On or before April 1, 2020, the City expects to redeem the outstanding principal of and any accrued interest on the Bonds.

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

HELD: February 21, 2017

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Afton, Washington County, Minnesota, was duly held at the City Hall on February 21, 2017, at ~~6:30~~ 7:00 P.M., for the purpose, in part, of considering proposals and awarding the sale of ~~\$1,980,000~~ \$2,000,000 General Obligation Temporary Improvement Bonds, Series 2017A.

The following members present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF ~~\$2,000,000~~ \$1,980,000 GENERAL OBLIGATION TEMPORARY IMPROVEMENT BONDS, SERIES 2017A AND PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City of Afton, Minnesota (the "City"), pursuant to Minnesota Statutes, Chapters 429 and 475, to temporarily finance various improvement projects within the City (the "Improvements"), has heretofore issued \$3,755,000 original principal amount of General Obligation Temporary Improvement Bonds, Series 2015A, dated April 16, 2015 (the "Prior Bonds"), pursuant to Resolution 2015-29 of the City Council adopted on March 25, 2015, authorizing the issuance of the Prior Bonds (the "Prior Resolution") which mature on April 1, 2017 (the "Maturity Date"); and

B. WHEREAS, the City Council has also heretofore determined and declared that it is necessary and expedient to issue ~~\$2,000,000~~ \$1,980,000 aggregate principal amount of General Obligation Temporary Improvement Bonds, Series 2017A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapters 475 and 429 to pay the Prior Bonds on the Maturity Date; and

C. WHEREAS, the City has retained Springsted Incorporated, in St. Paul, Minnesota ("Springsted"), as its independent ~~financial~~ municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Springsted; and

D. WHEREAS, the proposals set forth on Exhibit B attached hereto were received by the Administrator, or designee, at the offices of Springsted, at ~~11:00 A.M.~~ 12:00 Noon, on the date hereof, pursuant to the Terms of Proposal established for the Bonds; and

E. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

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

1. Acceptance of Proposal. The offer of UMB Bank, N.A., Kansas City, Missouri (the "Purchaser"), to purchase the Bonds in accordance with the terms and rates of interest hereinafter set forth, and to pay therefor the sum of \$1,988,078.40, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted and the Bonds are hereby awarded to the Purchaser. The City Administrator is directed to retain the deposit of the Purchaser and to return to the unsuccessful bidders any good faith checks or drafts.

2. Terms of Bonds.

(a) Original Issue Date; Denominations; Maturities. The Bonds shall be dated March 23, 2017, as the date of original issue, and shall be issued forthwith on or after such date in fully registered form. The Bond shall be numbered R-1 in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on April 1, 2020.

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

- (i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.
- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO, as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any

Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
- (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.
- (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
- (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

- (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.
- (ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.
- (c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:
 - (i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.
 - (ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.
 - (iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.
- (d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Refunding Findings. The Bonds shall provide funds for a current refunding of the Refunded Bonds (the "Refunding"). It is hereby found and determined that the Refunding is pursuant to Minnesota Statutes, Section 475.61.

4. Interest. The Bonds shall bear interest payable semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing October 1, 2017, calculated on the basis of a 360-day year of twelve 30-day months, at the rate of 1.55 % per annum.

5. Redemption. The Bonds shall be subject to redemption and prepayment at the option of the City on October 1, 2018, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. U.S. Bank National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
WASHINGTON COUNTY
CITY OF AFTON

R- _____ \$ _____

GENERAL OBLIGATION REFUNDING BOND, SERIES 2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	April 1, 2020	March 23, 2017	008347 BM7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Afton, Washington County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing October 1, 2017, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the U.S. Bank National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of

the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. The Bonds of this issue (the "Bonds") are subject to redemption and prepayment at the option of the City on October 1, 2018, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds at least thirty days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of ~~\$2,000,000~~ \$1,980,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on February 21, 2017 (the "Resolution"), for the purpose of providing funds for a current refunding of certain outstanding general obligations of the Issuer. This Bond is payable out of the General Obligation Temporary Improvement Bonds, Series 2017A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any,

and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

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

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

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

Qualified Tax-Exempt Obligations. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Afton, Washington County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: U.S. BANK NATIONAL ASSOCIATION

Payable at: U.S. BANK NATIONAL ASSOCIATION

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF AFTON,
WASHINGTON COUNTY, MINNESOTA

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

/s/ Facsimile
Mayor

U.S. BANK NATIONAL ASSOCIATION
St. Paul, Minnesota,
Bond Registrar

/s/ Facsimile
Administrator

By: _____
Authorized Signature

ABBREVIATIONS

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

UTMA - _____ as custodian for _____

(Cust) (Minor)

under the _____ Uniform

(State)

Transfers to Minors Act

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

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the 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 national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

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

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of March 23, 2017. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing

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

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Temporary Improvement Bonds, Series 2017A Fund"

(the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon shall have been fully paid. There shall be maintained and created in the fund the "Payment Account" and a "Debt Service Account".

(a) Payment Account. The proceeds of the Bonds shall be deposited in the Payment Account. On or prior to the Maturity Date, the Administrator shall transfer Bond proceeds from the Payment Account in the amounts of \$1,955,000.00_____ to the paying agent for the Prior Bonds. The sums are sufficient, together with unspent bond proceeds of the Prior Bonds in the amount of \$1,800,000.00_____, and other available moneys of the City, if any, to pay the principal and interest on the Refunded Bonds on the Maturity Date, including the principal of the Refunded Bonds called for redemption on the Maturity Date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded Bonds shall be transferred to the Debt Service Account.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) all funds paid for the Bonds in excess of the minimum bid; (ii) any balance remaining after the Maturity Date in the Prior Bonds Debt Service Account established by the Prior Resolution; (iii) all collection of special assessments herein covenanted to be levied with respect to the Improvements; (iv) all investment earnings on funds in the Debt Service Account; (v) any taxes herein or hereafter levied for the payment of the Bonds; and (vi) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Pledge of Proceeds of Definitive Improvement Bonds, Special Assessments; Coverage Test. To provide moneys for the prompt and full payment of principal and interest on

the Bonds, the City shall issue and sell the definitive improvement bonds for delivery and payment at or prior to the maturity date of the Bonds. The proceeds of the definitive improvement bonds, together with special assessments, if any, and the tax levy for the Improvements to be received before the maturity date of the Bonds, are hereby found, determined and declared to be sufficient in amount to pay when due one hundred five percent of the principal of and interest on the Bonds.

17. Conditions Prior to Issuance of Definitive Improvement Bonds. It is hereby found, determined and declared that all conditions precedent to the offering of definitive improvement bonds of the City to refund the Bonds to the extent necessary within the meaning of Minnesota Statutes, Section 475.61, Subdivision 5, have been met and exist.

18. Assessments. It is hereby determined that no less than twenty percent of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be levied against every assessable lot, piece and parcel of land benefited by any of the Improvements. The City hereby further covenants and agrees that it will do and perform as soon as they may be done all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

19. Tax Levy; Coverage Test. To provide moneys for payment of the interest on the Bonds, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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See attached schedules

The tax levies are such that if collected in full they, together with estimated collections of special assessments and any other revenues herein pledged for the payment of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the interest payments on the Bonds. The tax levies shall be irrevocable so long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

20. Bondholder Covenant. The provisions of this resolution constitute a covenant with the Holder of the Bonds and the definitive improvement bonds to be issued to refund the Bonds and, with respect to the payment of funds to the Debt Service Account, a pledge of those funds for the benefit of the holder of the Bonds payable therefrom.

21. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

22. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably 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 to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City 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 suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date

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

24. Supplemental Resolution. The Prior Resolutions authorizing the issuance of the Prior Bonds are hereby supplemented to the extent necessary to give effect to the provisions hereof.

25. Certificate of Registration. The Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Washington County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

26. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as

otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

27. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the improvements refinanced by the Prior Bonds (the "Project"), or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

28. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The City expects to satisfy the six month expenditure exemption from gross proceeds of the Bonds as provided in Section 1.148-7(c) of the Regulations. The Mayor and or Administrator are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

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

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2017 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

30. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Springsted is hereby approved and the officers of the City are authorized in

connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

31. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (a) consistent with the requirements under the Rule, (b) required by the Purchaser of the Bonds, and (c) acceptable to the Officers.

32. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

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

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

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF WASHINGTON
CITY OF AFTON

I, the undersigned, being the duly qualified Administrator of the City of Afton, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to considering proposals and awarding the sale of ~~\$2,000,000~~ \$1,980,000 General Obligation Temporary Improvement Bonds, Series 2017A.

WITNESS my hand on _____, 2017.

Administrator

EXHIBIT A
BID TABULATION



Springsted Incorporated
380 Jackson Street, Suite 300
Saint Paul, MN 55101-2887
Tel: 651-223-3000
Fax: 651-223-3002
Email: advisors@springsted.com
www.springsted.com

\$2,000,000^(a)
CITY OF AFTON, MINNESOTA
GENERAL OBLIGATION TEMPORARY IMPROVEMENT BONDS, SERIES 2017A
(BOOK ENTRY ONLY)

AWARD: UMB BANK N.A.

SALE: February 21, 2017

S&P Rating: AA+

Bidder	Interest Rates	Price	Net Interest Cost	True Interest Rate
UMB BANK, N.A.	1.55% April 1, 2020	\$2,008,160.00 ^(b)	\$85,528.89 ^(b)	1.4115% ^(b)
PIPER JAFFRAY & CO.	1.375% April 1, 2020	\$1,994,240.00	\$88,871.11	1.4727%
UNITED BANKERS' BANK	1.625% April 1, 2020	\$2,004,760.00	\$93,462.22	1.5440%
NORTHLAND SECURITIES, INC.	1.50% April 1, 2020	\$1,995,640.00	\$95,026.67	1.5740%
FTN FINANCIAL CAPITAL MARKETS	2.00% April 1, 2020	\$2,014,749.20	\$106,139.69	1.7483%

REOFFERING SCHEDULE OF THE PURCHASER

Rate	Year	Yield
1.55%	April 1, 2020	1.00%

BBI: 3.88%
Average Maturity: 3.022 Years

^(a) Subsequent to bid opening, the issue size decreased from \$2,000,000 to \$1,980,000.

^(b) Subsequent to bid opening, the price, net interest cost, and true interest rate have changed to \$1,988,078.40, \$84,673.60, and 1.4115%, respectively.

Public Sector Advisors

[To be supplied by Springsted Incorporated]

EXHIBIT B

TAX LEVY

FINAL

\$1,980,000

City of Afton, Minnesota

General Obligation Temporary Improvement Bonds, Series 2017A

Post-Sale Tax Levies

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Levy Amount	Levy/Collect Year
04/01/2018	-	-	31,372.00	31,372.00	32,940.60	32,940.60 *	2016/2017
04/01/2019	-	-	30,690.00	30,690.00	32,224.50	32,224.50 *	2017/2018
04/01/2020	1,980,000.00	1.550%	30,690.00	2,010,690.00	2,111,224.50	2,111,224.50 *	2018/2019
Total	\$1,980,000.00	-	\$92,752.00	\$2,072,752.00	\$2,176,389.60	\$2,176,389.60	-

* On or before April 1, 2020, the City expects to redeem the outstanding principal of and any accrued interest on the Bonds.