

Extract of Minutes of Meeting
of the City Council of the City of
Norwood Young America, Carver County, Minnesota

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Norwood Young America, Minnesota, was duly held [in City Hall in said City] [by teleconference or other electronic means] on Monday, June 15, 2020, commencing at 6:00 P.M. [The teleconference was held in accordance with Minnesota Statutes, Section 13D.021 and pursuant to a resolution adopted on March 18, 2020.]

The following members were present:

and the following were absent:

* * *

* * *

* * *

The Mayor announced that the next order of business was consideration of the ratification of the sale of the City's General Obligation Bonds, Series 2020A, to be issued in the original aggregate principal amount of \$_____.

Member _____ then introduced the following resolution and moved its adoption:

RESOLUTION NO. 2020-18

A RESOLUTION RATIFYING THE SALE OF GENERAL OBLIGATION BONDS, SERIES 2020A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; PROVIDING FOR THEIR PAYMENT; AND PROVIDING FOR THE REDEMPTION OF BONDS REFUNDED THEREBY

BE IT RESOLVED By the City Council (the "City Council") of the City of Norwood Young America, Carver County, Minnesota (the "City") as follows:

Section 1. Findings; Sale of Bonds.

1.01. Authorization.

(a) The City has determined to issue general obligations pursuant to Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b (the "Street Reconstruction Act"), to finance the City's portion of the joint Highway 212 underpass and roundabout construction project with Carver County, Minnesota and MnDOT (the "Street Reconstruction Project"), pursuant to a street reconstruction plan adopted by the City Council on February 24, 2020, following a duly noticed public hearing. The City Council has determined that, within thirty (30) days after the hearing, no petition for a referendum on the issuance of bonds to pay costs of the Street Reconstruction Project was received by the City in accordance with the Street Reconstruction Act.

(b) The City has also determined to issue general obligations pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended, including Section 475.67, subdivision 3, to redeem and prepay the following: (i) General Obligation Bonds, Series 2010A (the "Series 2010A Bonds"), dated August 4, 2010, issued in the original aggregate principal amount of \$720,000, currently outstanding and callable in the principal amount of \$340,000, the proceeds of which financed assessable public improvements (the "Series 2010A Assessable Improvements") and improvements to the municipal water and storm water systems (the "Series 2010A Utility Improvements"); (ii) General Obligation Refunding Bonds, Series 2010B (the "Series 2010B Bonds"), dated December 7, 2010, issued in the original aggregate principal amount of \$5,815,000, currently outstanding and callable in the principal amount of \$2,985,000, the proceeds of which refinanced assessable public improvements (the "Series 2010B Assessable Improvements"), improvements to the municipal water system payable from net revenues of the water system (the "Series 2010B Utility Revenue Improvements"), and improvements to the municipal water system payable from ad valorem taxes as approved by voter referendum (the "Series 2010B Utility Levy Improvements"); and (iii) General Obligation Bonds, Series 2011A (the "Series 2011A Bonds"), issued in the original aggregate principal amount of \$3,125,000, currently outstanding and callable in the principal amount of \$1,760,000, the proceeds of which financed and refinanced assessable public improvements (the "Series 2011A Assessable Improvements") and improvements to the municipal sanitary sewer system, storm sewer system, and water system (the "Series 2011A Utility Improvements").

(c) The City has also determined to issue general obligations pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 412.301, as amended (the "Equipment Financing Act"), to purchase a fire truck (the "Equipment").

(d) On February 24, 2020, the City Council adopted a resolution (the "Original Parameters Resolution") providing the parameters for the sale of general obligation bonds of the City to finance the Street Reconstruction Project and refund the outstanding Series 2010A Bonds, Series 2010B Bonds, and Series 2011A Bonds (collectively, the "Refunded Bonds") and establishing a pricing committee consisting of the Mayor and the City Administrator (the "Pricing Committee") to review proposals for the purchase of the Bonds and award the sale of the Bonds to the prospective purchaser.

(e) On May 11, 2020, the City Council adopted a resolution amending the Original Parameters Resolution (the "Parameters Resolution") to include the acquisition of Equipment in the issue of general obligation bonds.

(f) On June 11, 2020, the Pricing Committee reviewed the proposals as set forth in EXHIBIT A attached hereto and accepted the offer of _____ (the "Purchaser"), to purchase the General Obligation Bonds, Series 2020A (the "Bonds"), in the original aggregate principal amount of \$_____, subject to ratification by the City Council. The proceeds of the Bonds will be used to (i) finance the Street Reconstruction Project; (ii) refund the outstanding Refunded Bonds on July 7, 2020 (the "Redemption Date"); and (iii) finance the acquisition of the Equipment.

1.02. Award to the Purchaser and Interest Rates. The proposal of the Purchaser to purchase the Bonds of the City was determined to be a reasonable offer and was accepted, the proposal being to purchase the Bonds at a price of \$_____ (par amount of \$_____, [plus original issue premium of \$_____,] [less original issue discount of \$_____,] less underwriter's discount of \$_____), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2021	%	2027	%
2022		2028	
2023		2029	
2024		2030	
2025		2031	
2026		2032	

True interest cost: _____%

1.03. Purchase Contract. The amount proposed by the Purchaser in excess of the minimum bid shall be credited to the accounts of the Debt Service Fund hereinafter created, deposited in the accounts of the Project Fund hereinafter created, or deposited in the Redemption Fund hereinafter created, as determined by the City Clerk/Treasurer in consultation with the District's municipal advisor. The actions of the Mayor and the City Administrator to execute a contract with the Purchaser on behalf of the City are hereby ratified and approved.

1.04. Terms and Principal Amount of Bonds. The City will forthwith issue and sell the Bonds pursuant to the Street Reconstruction Act and Minnesota Statutes, Chapters 429, 444, and 475, as amended, including Section 475.67, subdivision 3, and Minnesota Statutes, Section 412.301, as amended (collectively,

the "Act"), in the original aggregate principal amount of \$ _____, originally dated July 7, 2020, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$	2027	\$
2023		2028	
2024		2029	
2025		2030	
2026		2031	

(a) \$ _____ in principal amount of the Bonds (the "Street Reconstruction Bonds") maturing on February 1 of the years and in the amounts set forth below are being used to finance the Street Reconstruction Project:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$	2027	\$
2023		2028	
2024		2029	
2025		2030	
2026		2031	

(b) \$ _____ in principal amount of the Bonds (the "Equipment Certificates") maturing on February 1 of the years and in the amounts set forth below are being used to finance the Equipment:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$	2025	\$
2023		2026	
2024			

(c) \$ _____ in principal amount of the Bonds (the "Series 2010A Improvement Refunding Bonds") maturing on February 1 of the years and in the amounts set forth below are being used to refinance the Series 2010A Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$	2024	\$
2022		2025	
2023		2026	

(d) \$ _____ in principal amount of the Bonds (the "Series 2010A Utility Revenue Refunding Bonds") maturing on February 1 of the years and in the amounts set forth below are being used to refinance the Series 2010A Utility Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$	2024	\$
2022		2025	
2023		2026	

(e) \$ _____ in principal amount of the Bonds (the "Series 2010B Improvement Refunding Bonds") maturing on February 1 of the years and in the amounts set forth below are being used to refinance the Series 2010B Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$	2025	\$
2022		2026	
2023		2027	
2024			

(f) \$ _____ in principal amount of the Bonds (the "Series 2010B Utility Revenue Refunding Bonds") maturing on February 1, 2021 are being used to refinance the Series 2010B Utility Revenue Improvements.

(g) \$ _____ in principal amount of the Bonds (the "Series 2010B Utility Levy Refunding Bonds") maturing on February 1, 2021 are being used to refinance the Series 2010B Utility Levy Improvements.

(h) \$ _____ in principal amount of the Bonds (the "Series 2011A Improvement Refunding Bonds") maturing on February 1 of the years and in the amounts set forth below are being used to refinance the Series 2011A Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$	2027	\$
2022		2028	
2023		2029	
2024		2030	
2025		2031	
2026		2032	

(i) The remainder of the Bonds in the principal amount of \$_____ (the "Series 2011A Utility Revenue Refunding Bonds") maturing on February 1 of the years and in the amounts set forth below are being used to refinance the Series 2011A Utility Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$	2025	\$
2022		2026	
2023		2027	
2024			

1.05. Optional Redemption. The City may elect on February 1, 2028, and on any day thereafter to prepay Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 8 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

[TO BE COMPLETED IF TERM BONDS ARE REQUESTED: 1.06. Mandatory Redemption; Term Bonds. The Bonds maturing on February 1, 20__ and February 1, 20__ shall hereinafter be referred to collectively as the "Term Bonds." The principal amount of the Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bonds credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine. The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:

Sinking Fund Installment Date

February 1, 20__ Term Bond

Principal Amount

* *Maturity*

February 1, 20__ Term Bond

Principal Amount

* *Maturity*

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or

made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2021, to the registered owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not that day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

- (a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.
- (b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.
- (c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.
- (d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.
- (e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.
- (f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.
- (g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.
- (h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of

and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints Bond Trust Services Corporation, Roseville, Minnesota, as the initial Registrar. The Mayor and the City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this City Council, the City Clerk-Treasurer must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Administrator and executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the City Administrator will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form attached hereto as EXHIBIT B.

3.02. Approving Legal Opinion. The City Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4. Bonds; Security; Covenants; Escrow.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Bonds, Series 2020A Debt Service Fund (the "Debt Service Fund") hereby created. The Debt Service Fund shall be administered by the City Clerk/Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the "Street Reconstruction Account," the "Equipment Account," the "Assessable Improvements Account," the "Utility Revenue Account," and the "Utility Levy Account."

(a) Street Reconstruction Account. The City Clerk/Treasurer shall timely deposit in the Street Reconstruction Account of the Debt Service Fund the ad valorem taxes levied herein for the Street Reconstruction Project, which ad valorem taxes are pledged to the Street Reconstruction Account. There is also appropriated to the Street Reconstruction Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(b) Equipment Account. The City Clerk/Treasurer shall timely deposit in the Equipment Account of the Debt Service Fund the ad valorem taxes levied herein for the Equipment, which ad valorem taxes are pledged to the Equipment Account. There is also appropriated to the Equipment Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(c) Assessable Improvements Account. To the Assessable Improvements Account of the Debt Service Fund there is hereby pledged and irrevocably appropriated and there will be credited: (i) collections of all ad valorem taxes hereafter levied for the payment of the Series 2010A Improvement Refunding Bonds, the Series 2010B Improvement Refunding Bonds, and the Series 2011A Improvement Refunding Bonds (collectively, the "Improvement Refunding Bonds"); (ii) after the Redemption Date, special assessments (the "Assessments") collected pursuant to levies made in the resolutions authorizing the issuance and sale of the Refunded Bonds (collectively, the "Prior Resolutions") for the Series 2010A Assessable Improvements, the Series 2010B Assessable Improvements, and the Series 2011A Assessable Improvements (collectively, the "Prior Assessable Improvements"); and (iii) a pro rata portion of amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(d) Utility Revenue Account. The City will continue to maintain and operate its Water Fund, Storm Water Fund, Sanitary Sewer Fund, and Storm Sewer Fund, to which will be credited all gross revenues of the water, storm water, sanitary sewer, and storm sewer systems (collectively, the "Utility Systems"), respectively, and out of which will be paid all normal and reasonable expenses of current operations of the Utility Systems. Any balances therein are deemed net revenues (the "Net Revenues") and will be transferred, from time to time, to the Utility Revenue Account of the Debt Service Fund, which Utility Revenue Account will be used only to pay principal of and interest on the Series 2010A Utility Revenue Refunding Bonds, the Series 2010B Utility Revenue Refunding Bonds, and the Series 2011A Utility Revenue Refunding Bonds (collectively, the "Utility Revenue Refunding Bonds"), as applicable, and any other bonds similarly authorized. There will

always be retained in the Utility Revenue Account a sufficient amount to pay principal of and interest on all the Utility Revenue Refunding Bonds, as applicable, and the City Clerk/Treasurer must report any current or anticipated deficiency in the Utility Revenue Account to the City Council. There is also appropriated to the Utility Revenue Account a pro rata portion of amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(e) Utility Levy Account. The City Clerk/Treasurer shall timely deposit in the Utility Levy Account of the Debt Service Fund the ad valorem taxes levied herein for the Series 2010B Utility Levy Refunding Bonds, which ad valorem taxes are pledged to the Utility Levy Account. There is also appropriated to the Utility Levy Account a pro rata portion of amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

4.02. Project Fund. The City hereby creates the General Obligation Bonds, Series 2020A Project Fund (the "Project Fund"). The City will maintain the following accounts in the Project Fund: the "Street Reconstruction Account" and the "Equipment Account."

(a) Street Reconstruction Account. Proceeds of the Street Reconstruction Bonds, less the appropriations made in Section 4.01(a) hereof, together with any other funds appropriated for the Street Reconstruction Project, will be deposited in the Street Reconstruction Account of the Project Fund to be used solely to defray expenses of the Street Reconstruction Project. When the Street Reconstruction Project is complete and the cost thereof paid, the Street Reconstruction Account is to be closed and any monies remaining therein shall be transferred to the Street Reconstruction Account of the Debt Service Fund.

(b) Equipment Account. Proceeds of the Equipment Certificates, less the appropriations made in Section 4.01(b) hereof, together with any other funds appropriated for the purchase of Equipment, will be deposited in the Equipment Account of the Project Fund to be used solely to defray expenses of the Equipment. When the Equipment is purchased and the cost thereof paid, the Equipment Account is to be closed and any monies remaining therein shall be transferred to the Equipment Account of the Debt Service Fund.

4.03. Redemption Fund. Proceeds of the Improvement Refunding Bonds, the Utility Revenue Refunding Bonds, and the Series 2010B Utility Levy Refunding Bonds (collectively, the "Refunding Bonds"), less the appropriations made in Section 4.01(c), (d), and (e) hereof, will be deposited in a separate fund (the "Redemption Fund") to be used solely to redeem and prepay the Refunded Bonds on the Redemption Date. Any balance remaining in the Redemption Fund after the redemption of the Refunded Bonds on the Redemption Date shall be deposited in the Assessable Improvements Account, the Utility Revenue Account, and the Utility Levy Account of the Debt Service Fund herein created.

4.04. Prior Debt Service Funds. The debt service funds and the accounts therein heretofore established for the Refunded Bonds pursuant to the Prior Resolutions shall be terminated following the redemption of the Refunded Bonds, and all monies therein shall be transferred on a pro rata basis to the Assessable Improvements Account, the Utility Revenue Account, and the Utility Levy Account of the Debt Service Fund.

4.05. Prior Resolution Pledges. The pledges and covenants of the City made by the Prior Resolutions relating to the Assessments levied for the Prior Assessable Improvements and the ownership, protection of and other particulars governing the operation and financial management of the Utility Systems of the City and the improvements thereto are restated and confirmed in all respects. The

provisions of the Prior Resolutions are hereby supplemented to the extent necessary to give full effect to the provisions hereof.

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

4.07. Pledge of Tax Levies. For the purpose of paying the principal of and interest on the Street Reconstruction Bonds, the Equipment Certificates, and the Utility Levy Refunding Bonds and a portion of the principal of and interest on the Improvement Refunding Bonds, there is levied a direct annual irrepealable ad valorem tax (the "Taxes") upon all of the taxable property in the City to be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the accounts of the Debt Service Fund above provided and will be in the years and amounts attached hereto as EXHIBIT C.

4.08. Cancellation of Prior Levies after Redemption Date. Following the payment in full of all outstanding principal of and interest due on the Refunded Bonds on the Redemption Date, the City Clerk/Treasurer is hereby directed to certify such fact to and request the Taxpayer Services Manager of Carver County, Minnesota (the "Taxpayer Services Manager") to cancel any and all tax levies made by the Prior Resolutions.

4.09. Filing of Resolution. The City Clerk/Treasurer is authorized and directed to file a certified copy of this resolution with the Taxpayer Services Division Manager and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Refunding; Findings; Redemption of Refunded Bonds.

5.01. Purpose of Refunding. The Series 2010A Bonds will be called for redemption on the Redemption Date in the principal amount of \$340,000. The Series 2010B Bonds will be called for redemption on the Redemption Date in the principal amount of \$2,985,000. The Series 2011A Bonds will be called for redemption on the Redemption Date in the principal amount of \$1,760,000. It is hereby found and determined that based upon information presently available from the City's municipal advisor, the issuance of the Bonds, a portion of which will be used to redeem and prepay Refunded Bonds, is consistent with covenants made with the holders of the Refunded Bonds.

5.02. Application of Proceeds of Bonds. It is hereby found and determined that the proceeds of the Bonds deposited in the Redemption Fund, along with any other funds on hand in the debt service funds established pursuant to the Prior Resolutions, will be sufficient to prepay all of the principal of, interest on and redemption premium (if any) on the Refunded Bonds.

5.03. Redemption; Date of Redemption; Notices of Call for Redemption. The Refunded Bonds will be redeemed and prepaid on the Redemption Date in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notices of Call for Redemption attached hereto as EXHIBITS D-1, D-2, and D-3, which terms and conditions are hereby approved and incorporated herein by reference. The registrars for the Refunded Bonds are authorized and directed to send a copy of the Notices of Call for Redemption to the respective registered holder of the Refunded Bonds at least thirty (30) days prior to the Redemption Date.

Section 6. Authentication of Transcript.

6.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, may be deemed representations of the City as to the facts stated therein.

6.02. Certification as to Official Statement. The Mayor and the City Administrator are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

6.03. Other Certificates. The Mayor and the City Administrator are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor and the City Administrator shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the City Administrator shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

6.04. Electronic Signatures. The electronic signatures of the Mayor, the City Administrator, and/or the City Clerk/Treasurer to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

6.05. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Old National Bank, Chaska, Minnesota on the closing date for further distribution as directed by the City's municipal advisor, Ehlers and Associates, Inc.

Section 7. Tax Covenants.

7.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Code and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

7.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

7.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, 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.

7.04. Qualified Tax-Exempt Obligations.

(a) The Refunding Bonds are deemed to be qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code because the City determines that:

(i) the Refunded Bonds were qualified tax-exempt obligations;

(ii) the average maturity date of the Refunding Bonds is not later than the average maturity date of the Refunded Bonds; and

(iii) the Refunding Bonds have a maturity date which is not later than the date which is thirty (30) years after the date the Refunded Bonds were issued.

(b) In order to qualify the Street Reconstruction Bonds and the Equipment Certificates as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(i) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(ii) the City designates the Street Reconstruction Bonds and the Equipment Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(iii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2020 will not exceed \$10,000,000; and

(iv) not more than \$10,000,000 of obligations issued by the City during calendar year 2020 have been designated for purposes of Section 265(b)(3) of the Code.

7.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 8. Book-Entry System; Limited Obligation of City.

8.01. The Depository Trust Company. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each such Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns ("DTC"). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

8.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the "Participants") or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Administrator of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." will refer to such new nominee of DTC; and upon receipt of such a notice, the City Administrator will promptly deliver a copy of the same to the Registrar and Paying Agent.

8.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Representation Letter") which shall govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

8.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

8.05. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 9. Continuing Disclosure.

9.01. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Administrator and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

9.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 10. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. 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 remainder of this page is intentionally left blank.)

The motion for the adoption of the foregoing resolution was duly seconded by Member

_____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A
PROPOSALS

EXHIBIT B
FORM OF BOND

No. R- _____ UNITED STATES OF AMERICA \$ _____
STATE OF MINNESOTA
COUNTY OF CARVER
CITY OF NORWOOD YOUNG AMERICA
GENERAL OBLIGATION BOND
SERIES 2020A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
____%	February 1, 20__	July 7, 2020	

Registered Owner: Cede & Co.

The City of Norwood Young America, Minnesota, a duly organized and existing municipal corporation in Carver County, Minnesota (the "City"), acknowledges itself to be indebted and for value received promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$ _____ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360-day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing February 1, 2021, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, Roseville, Minnesota as Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2028, and on any day thereafter to prepay Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$ _____ all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on June 15, 2020 (the "Resolution"), for the purpose of providing money to aid in financing the costs of certain street reconstruction projects in the City and the acquisition of items of capital equipment and to refund the outstanding principal amount of certain general obligation bonds of the City, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, and 475, as amended, including Section 475.67,

subdivision 3, and Minnesota Statutes, Section 412.301, as amended. The principal and interest are payable in part from special assessments, in part from ad valorem taxes, and in part from net revenues of the water, storm water, sanitary sewer, and storm sewer systems of the City, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments, ad valorem taxes, and net revenues, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated a portion of the issue of the Bonds and has deemed designated the remaining portion of the issue of the Bonds of which this Bond forms a part as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

IT IS HEREBY CERTIFIED AND RECITED That in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the water, storm water, sanitary sewer, and storm sewer systems (collectively, the "Utility Systems") free from competition by other like municipal utilities; that adequate insurance on said systems and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Water Fund, the Storm Water Fund, the Sanitary Sewer Fund, and the Storm Sewer Fund into which it will pay all of the gross revenues from the Utility Systems, respectively; that it will also create and maintain a Utility Revenue Account within the General Obligation Bonds, Series 2020A Debt Service Fund, into which it will pay, out of the net revenues from the Utility Systems, a sum sufficient to pay a portion of the principal hereof and interest thereon when due, as set forth in the Resolution; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the Utility Systems of the City.

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

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

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

IN WITNESS WHEREOF, the City of Norwood Young America, Carver County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: July 7, 2020

**CITY OF NORWOOD YOUNG AMERICA,
MINNESOTA**

(Facsimile)
Mayor

(Facsimile)
City Administrator

CERTIFICATE OF AUTHENTICATION

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

BOND TRUST SERVICES CORPORATION

By _____
Its Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT

(Cust) Custodian (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to Minors Act, State of _____

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

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 all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, 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:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

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

Name and Address:

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

Please insert social security or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of
Officer of Registrar

Cede & Co.
Federal ID #13-2555119

EXHIBIT C
TAX LEVY SCHEDULES

Tax Levy Schedule for Street Reconstruction Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
---------------	-----------------

** Year tax levy collected.*

Tax Levy Schedule for Equipment Certificates

<u>YEAR *</u>	<u>TAX LEVY</u>
---------------	-----------------

** Year tax levy collected.*

Tax Levy Schedule for Series 2010A Improvement Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
---------------	-----------------

** Year tax levy collected.*

Tax Levy Schedule for Series 2010B Improvement Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
---------------	-----------------

** Year tax levy collected.*

Tax Levy Schedule for Series 2010B Utility Levy Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
---------------	-----------------

** Year tax levy collected.*

Tax Levy Schedule for Series 2011A Improvement Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
---------------	-----------------

** Year tax levy collected.*

EXHIBIT D-1

**NOTICE OF CALL FOR REDEMPTION
FOR THE SERIES 2010A BONDS**

**\$720,000
CITY OF NORWOOD YOUNG AMERICA, MINNESOTA
GENERAL OBLIGATION BONDS
SERIES 2010A**

NOTICE IS HEREBY GIVEN that, by order of the City of Norwood Young America, Minnesota (the "City"), there have been called for redemption and prepayment on

July 7, 2020

all outstanding bonds of the City designated as General Obligation Bonds, Series 2010A, dated August 4, 2010, having stated maturity dates of February 1 in the years 2023 through 2026, both inclusive, totaling \$340,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP Number</u>
2023	\$160,000	669738 GL4
2026	180,000	669738 GP5

The bonds are being called at a price of par plus accrued interest to July 7, 2020, on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the main office of Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, Minnesota 55113, on or before July 7, 2020.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2009, the paying agent is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any bonds subject to redemption and prepayment on the redemption date, unless the paying agent is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9, will satisfy the requirements of this paragraph.

Dated: _____

**BY ORDER OF THE CITY COUNCIL OF THE
CITY OF NORWOOD YOUNG AMERICA,
MINNESOTA**

By /s/ Steve Helget
City Administrator
City of Norwood Young America, Minnesota

EXHIBIT D-2

**NOTICE OF CALL FOR REDEMPTION
FOR THE SERIES 2010B BONDS**

**\$5,815,000
CITY OF NORWOOD YOUNG AMERICA, MINNESOTA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2010B**

NOTICE IS HEREBY GIVEN that, by order of the City of Norwood Young America, Minnesota (the "City"), there have been called for redemption and prepayment on

July 7, 2020

all outstanding bonds of the City designated as General Obligation Refunding Bonds, Series 2010B, dated December 7, 2010, having stated maturity dates of February 1 in the years 2021 through 2027, both inclusive, totaling \$2,985,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP Number</u>
2021	\$455,000	669738 GY6
2023	880,000	669738 HA7
2024	460,000	669738 HB5
2025	475,000	669738 HC3
2026	350,000	669738 HD1
2027	365,000	669738 HE9

The bonds are being called at a price of par plus accrued interest to July 7, 2020 on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the main office of Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, Minnesota 55113, on or before July 7, 2020.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2009, the paying agent is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any bonds subject to redemption and prepayment on the redemption date, unless the paying agent is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9, will satisfy the requirements of this paragraph.

Dated: _____.

BY ORDER OF THE CITY COUNCIL OF THE
CITY OF NORWOOD YOUNG AMERICA,
MINNESOTA

By /s/ Steve Helget
City Administrator
City of Norwood Young America, Minnesota

EXHIBIT D-3

**NOTICE OF CALL FOR REDEMPTION
FOR THE SERIES 2011A BONDS**

**\$3,125,000
CITY OF NORWOOD YOUNG AMERICA, MINNESOTA
GENERAL OBLIGATION BONDS
SERIES 2011A**

NOTICE IS HEREBY GIVEN that, by order of the City of Norwood Young America, Minnesota (the "City"), there have been called for redemption and prepayment on

July 7, 2020

all outstanding bonds of the City designated as General Obligation Bonds, Series 2011A, dated September 15, 2011, having stated maturity dates of February 1 in the years 2022 through 2032, both inclusive, totaling \$1,760,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP Number</u>
2022	\$460,000	669738 HQ2
2024	500,000	669738 HS8
2026	515,000	669738 HU3
2032	285,000	669738 JA5

The bonds are being called at a price of par plus accrued interest to July 7, 2020 on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the main office of Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, Minnesota 55113, on or before July 7, 2020.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2009, the paying agent is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any bonds subject to redemption and prepayment on the redemption date, unless the paying agent is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9, will satisfy the requirements of this paragraph.

Dated: _____

**BY ORDER OF THE CITY COUNCIL OF THE
CITY OF NORWOOD YOUNG AMERICA,
MINNESOTA**

By /s/ Steve Helget
City Administrator
City of Norwood Young America, Minnesota

STATE OF MINNESOTA)
)
COUNTY OF CARVER) SS.
)
CITY OF NORWOOD)
YOUNG AMERICA)

I, the undersigned, being the duly qualified City Clerk/Treasurer of the City of Norwood Young America, Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a special meeting of the City Council of the City held on June 15, 2020, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City's General Obligation Bonds, Series 2020A, in the original aggregate principal amount of \$_____.

WITNESS My hand officially as such City Clerk/Treasurer and the corporate seal of the City this _____ day of _____, 2020.

(SEAL)

City Clerk/Treasurer
City of Norwood Young America, Minnesota

June 11, 2020

Sale Day Report for

City of Norwood Young America, Minnesota
\$5,220,000 General Obligation Bonds,
Series 2020A



Prepared by:

Nick Anhut, CIPMA
Senior Municipal Advisor

Shelly Eldridge, CIPMA
Senior Municipal Advisor

Chris Mickelson, CIPMA
Municipal Advisor

Sale Day Report – June 11, 2020

City of Norwood Young America, Minnesota
 \$5,220,000 General Obligation Bonds, Series 2020A

Purpose: (i) 2020 Highway projects; (ii) fire equipment; and (iii) effecting refundings of certain outstanding general obligations.

Rating: S&P Global Ratings "AA-"

Number of Bids: 4

Low Bidder: Northland Securities, Inc., Minneapolis, Minnesota

Bid Comparison	Low Bid	High Bid	Interest Difference
Low to High:			
(TIC as bid)	0.8006%	0.9685%	\$42,340

Summary of Sale Results:	
Principal Amount*:	\$5,220,000
Reoffering Premium:	\$567,229
Underwriter's Discount:	(\$18,589)
Capitalized Interest:	(\$17,907)
Costs of Issuance:	(\$68,597)
Net Proceeds for New Projects:	\$1,000,879
True Interest Cost:	0.8042%
Yields:	0.30% - 1.35%
Future Value Savings:	\$453,111
Present Value Savings:	\$427,969
Savings Percentage:	7.570%
Total Net P&I	\$5,924,857

Notes: Bond Trust Services Corporation, Roseville, Minnesota will serve as Paying Agent on the Bonds.

The Bonds maturing February 1, 2029 and thereafter are callable February 1, 2028 or any date thereafter.

* Subsequent to bid opening, the issue size was adjusted to \$5,220,000 to reflect the winning bid and project amounts.

Closing Date: July 7, 2020

Designated Official Action: Ratifying the sale of: \$5,220,000 General Obligation Street Reconstruction and Refunding Bonds, Series 2020A.

- Attachments:**
- Bid Tabulation
 - Sources and Uses of Funds
 - Updated Debt Service Schedules
 - Refunding Savings Analysis
 - Rating Report

Sale Day Report
 City of Norwood Young America, Minnesota
 June 11, 2020





BID TABULATION

\$6,145,000* General Obligation Street Reconstruction and Refunding Bonds, Series 2020A

City of Norwood Young America, Minnesota

SALE: June 11, 2020

AWARD: NORTHLAND SECURITIES, INC.

Rating: S&P Global Ratings "AA-"

Tax Exempt - Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2021	4.000%	0.300%	\$6,794,212.75	\$204,610.58	0.8006%
United Bankers Bank	2022	4.000%	0.350%			
DA Davidson	2023	4.000%	0.390%			
	2024	4.000%	0.450%			
	2025	4.000%	0.550%			
	2026	4.000%	0.680%			
	2027	4.000%	0.820%			
	2028	2.000%	1.000%			
	2029	2.000%	1.100%			
	2030	2.000%	1.200%			
	2031 ¹	2.000%	1.350%			
	2032 ¹	2.000%	1.350%			

* Subsequent to bid opening the issue size was decreased to \$5,220,000.
 Adjusted Price - \$5,768,640.13 Adjusted Net Interest Cost - \$174,123.20 Adjusted TIC - 0.8042%

¹ \$140,000 Term Bond due 2032 with mandatory redemption in 2031.

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
PIPER SANDLER & CO. Minneapolis, Minnesota				\$6,714,005.40	\$210,169.60	0.8286%
BAIRD Milwaukee, Wisconsin				\$6,774,447.20	\$224,376.13	0.8800%
STIFEL, NICOLAUS Birmingham, Alabama				\$6,769,973.15	\$247,010.18	0.9685%

City of Norwood Young America, Minnesota

\$5,220,000 General Obligation Bonds, Series 2020A

Issue Summary

Current Refundings 10A, 10B, 11A and New Money

Total Issue Sources And Uses

Dated 07/07/2020 | Delivered 07/07/2020

	Reconstruction - New Money	Street Equipment Certificates	Cur Ref 2010A	Cur Ref 2010B	Cur Ref 2011A	Issue Summary
Sources Of Funds						
Par Amount of Bonds	\$655,000.00	\$280,000.00	\$315,000.00	\$2,375,000.00	\$1,595,000.00	\$5,220,000.00
Reoffering Premium	67,935.85	34,999.50	31,810.20	265,598.15	166,885.45	567,229.15
Planned Issuer Equity contribution				430,000.00	50,000.00	480,000.00
Total Sources	\$722,935.85	\$314,999.50	\$346,810.20	\$3,070,598.15	\$1,811,885.45	\$6,267,229.15
Uses Of Funds						
Total Underwriter's Discount (0.356%)	2,332.53	997.11	1,121.75	8,457.65	5,679.98	18,589.02
Costs of Issuance	8,607.46	6,253.99	1,211.39	31,639.04	20,885.12	68,597.00
Deposit to Capitalized Interest (CIF) Fund	11,560.00	6,346.67				17,906.67
Deposit to Project Construction Fund	700,435.86	300,444.01				1,000,879.87
Deposit to Current Refunding Fund			345,434.78	3,030,501.46	1,785,320.35	5,161,256.59
Deposit to Current Refunding Fund 2010A (Rounding)		957.72	(957.72)			
Total Uses	\$722,935.85	\$314,999.50	\$346,810.20	\$3,070,598.15	\$1,811,885.45	\$6,267,229.15

City of Norwood Young America, Minnesota

\$5,220,000 General Obligation Bonds, Series 2020A

Issue Summary

Current Refundings 10A, 10B, 11A and New Money

New Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/07/2020	-	-	113,163.33	808,163.33	808,163.33
02/01/2021	695,000.00	4.000%	85,950.00	85,950.00	-
08/01/2021	-	-	85,950.00	810,950.00	896,900.00
02/01/2022	725,000.00	4.000%	71,450.00	71,450.00	-
08/01/2022	-	-	71,450.00	816,450.00	887,900.00
02/01/2023	745,000.00	4.000%	56,550.00	56,550.00	-
08/01/2023	-	-	56,550.00	831,550.00	888,100.00
02/01/2024	775,000.00	4.000%	41,050.00	41,050.00	-
08/01/2024	-	-	41,050.00	826,050.00	867,100.00
02/01/2025	785,000.00	4.000%	25,350.00	25,350.00	-
08/01/2025	-	-	25,350.00	685,350.00	710,700.00
02/01/2026	660,000.00	4.000%	12,150.00	12,150.00	-
08/01/2026	-	-	12,150.00	392,150.00	404,300.00
02/01/2027	380,000.00	4.000%	4,550.00	4,550.00	-
08/01/2027	-	-	4,550.00	104,550.00	109,100.00
02/01/2028	100,000.00	2.000%	3,550.00	3,550.00	-
08/01/2028	-	-	3,550.00	108,550.00	112,100.00
02/01/2029	105,000.00	2.000%	2,500.00	2,500.00	-
08/01/2029	-	-	2,500.00	112,500.00	115,000.00
02/01/2030	110,000.00	2.000%	1,400.00	1,400.00	-
08/01/2030	-	-	1,400.00	111,400.00	112,800.00
02/01/2031	110,000.00	2.000%	300.00	300.00	-
08/01/2031	-	-	300.00	30,300.00	30,600.00
02/01/2032	30,000.00	2.000%	-	-	-
Total	\$5,220,000.00	-	\$722,763.33	\$5,942,763.33	-

Yield Statistics

Bond Year Dollars	\$20,178.00
Average Life	3.866 Years
Average Coupon	3.5819374%
Net Interest Cost (NIC)	0.8629359%
True Interest Cost (TIC)	0.8042051%
Bond Yield for Arbitrage Purposes	1.1315446%
All Inclusive Cost (AIC)	-
IRS Form 8038	0.6837593%
Net Interest Cost	3.931 Years
Weighted Average Maturity	-

City of Norwood Young America, Minnesota

\$655,000 General Obligation Bonds, Series 2020A

Street Reconstruction - New Money

Highway Projects Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	105% of Total
02/01/2021	-	-	11,560.00	11,560.00	(11,560.00)	-	-
02/01/2022	55,000.00	4.000%	20,400.00	75,400.00	-	75,400.00	79,170.00
02/01/2023	60,000.00	4.000%	18,200.00	78,200.00	-	78,200.00	82,110.00
02/01/2024	60,000.00	4.000%	15,800.00	75,800.00	-	75,800.00	79,590.00
02/01/2025	60,000.00	4.000%	13,400.00	73,400.00	-	73,400.00	77,070.00
02/01/2026	65,000.00	4.000%	11,000.00	76,000.00	-	76,000.00	79,800.00
02/01/2027	70,000.00	4.000%	8,400.00	73,400.00	-	73,400.00	77,070.00
02/01/2028	70,000.00	2.000%	5,800.00	75,800.00	-	75,800.00	79,590.00
02/01/2029	70,000.00	2.000%	4,400.00	74,400.00	-	74,400.00	78,120.00
02/01/2030	75,000.00	2.000%	3,000.00	78,000.00	-	78,000.00	81,900.00
02/01/2031	75,000.00	2.000%	1,500.00	76,500.00	-	76,500.00	80,325.00
Total	\$655,000.00	-	\$113,460.00	\$768,460.00	(11,560.00)	\$756,900.00	\$794,745.00

Significant Dates

Dated	
First Coupon Date	7/07/2020
	2/01/2021

Yield Statistics

Bond Year Dollars	
Average Life	\$4,156.17
Average Coupon	6.345 Years
	2.7299194%
Net Interest Cost (NIC)	
True Interest Cost (TIC)	1.1514620%
Bond Yield for Arbitrage Purposes	1.0915051%
All Inclusive Cost (AIC)	0.6710318%
	1.2981388%

City of Norwood Young America, Minnesota

\$280,000 General Obligation Bonds, Series 2020A
Equipment Certificates

Fire Equipment Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	105% of Total
02/01/2021	-	-	6,346.67	6,346.67	(6,346.67)	-	-
02/01/2022	50,000.00	4.000%	11,200.00	61,200.00	-	61,200.00	64,260.00
02/01/2023	55,000.00	4.000%	9,200.00	64,200.00	-	64,200.00	67,410.00
02/01/2024	55,000.00	4.000%	7,000.00	62,000.00	-	62,000.00	65,100.00
02/01/2025	60,000.00	4.000%	4,800.00	64,800.00	-	64,800.00	68,040.00
02/01/2026	60,000.00	4.000%	2,400.00	62,400.00	-	62,400.00	65,520.00
Total	\$280,000.00	-	\$40,946.67	\$320,946.67	(6,346.67)	\$314,600.00	\$330,330.00

Significant Dates

Dated	7/07/2020
First Coupon Date	2/01/2021

Yield Statistics

Bond Year Dollars	\$1,023.67
Average Life	3.656 Years
Average Coupon	4.0000003%
Net Interest Cost (NIC)	0.6783732%
True Interest Cost (TIC)	0.6290293%
Bond Yield for Arbitrage Purposes	0.6710318%
All Inclusive Cost (AIC)	1.2114866%

City of Norwood Young America, Minnesota

\$4,285,000 General Obligation Bonds, Series 2020A

Issue Summary

Current Refundings 10A, 10B, and 11A

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2021	790,256.66	1,271,214.38	897,392.52	(373,821.86)
02/01/2022	760,300.00	760,300.00	870,317.52	110,017.52
02/01/2023	745,500.00	745,500.00	867,287.52	121,787.52
02/01/2024	750,300.00	750,300.00	873,632.52	123,332.52
02/01/2025	728,900.00	728,900.00	863,267.52	134,367.52
02/01/2026	572,300.00	572,300.00	716,483.76	144,183.76
02/01/2027	330,900.00	330,900.00	453,918.76	123,018.76
02/01/2028	33,300.00	33,300.00	48,250.00	14,950.00
02/01/2029	37,700.00	37,700.00	51,750.00	14,050.00
02/01/2030	37,000.00	37,000.00	50,062.50	13,062.50
02/01/2031	36,300.00	36,300.00	48,375.00	12,075.00
02/01/2032	30,600.00	30,600.00	46,687.50	16,087.50
Total	\$4,853,356.66	\$5,334,314.38	\$5,787,425.12	\$453,110.74

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	908,927.08
Net PV Cashflow Savings @ 0.671%(Bond Yield).....	908,927.08
Total Cash contribution.....	
Contingency or Rounding Amount.....	(480,000.00)
Net Present Value Benefit	(957.72)
	\$427,969.36
Net PV Benefit / \$5,653,746.02 PV Refunded Debt Service	7.570%
Net PV Benefit / \$5,085,000 Refunded Principal...	8.416%
Net PV Benefit / \$4,285,000 Refunding Principal..	9.988%

Refunding Bond Information

Refunding Dated Date	
Refunding Delivery Date	7/07/2020

RatingsDirect®

Summary:

**Norwood Young America, Minnesota
Norwood Young America Economic
Development Authority; General
Obligation; Non-School State
Programs**

Primary Credit Analyst:

Coral Schoonejans, Centennial + 1 (303) 721-4948; coral.schoonejans@spglobal.com

Secondary Contact:

Helen Samuelson, Chicago (1) 312-233-7011; helen.samuelson@spglobal.com

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Summary:

Norwood Young America, Minnesota Norwood Young America Economic Development Authority; General Obligation; Non-School State Programs

Credit Profile

US\$6.165 mil GO str reconstruction & rfdg bnds ser 2020A dtd 06/04/2020 due 02/01/2032		
<i>Long Term Rating</i>	AA-/Stable	New
US\$4.925 mil hsg rev rfdg bnds (Norwood Young America) ser 2020 dtd 06/04/2020 due 08/01/2038		
<i>Long Term Rating</i>	AA-/Stable	New

Rating Action

S&P Global Ratings assigned its 'AA-' long-term rating to Norwood Young America, Minn.'s series 2020A general obligation (GO) street reconstruction and refunding bonds and to Norwood Young America Economic Development Authority's (EDA) series 2020 house revenue refunding bonds. At the same time, we affirmed our 'AA-' long-term rating and underlying rating on the city's GO debt outstanding. The outlook is stable.

The series 2020A, EDA series 2020 bonds, and GO debt outstanding are secured by the city's full faith and credit, including its ability to levy ad valorem property taxes without limitation as to rate or amount. Per the bond documents, the city plans to finance a portion of the series 2020A debt service from a combination of special assessments levied against benefited properties and a portion from net utility revenue. The EDA intends to pay debt service on the EDA series 2020 bonds from net revenue of a 36-unit senior housing facility owned by the economic development authority. We rate the series 2020A and EDA series 2020 bonds to the city's GO pledge, as we view it as the stronger security.

Proceeds from the series 2020A bonds will finance various street improvements and refund a portion of the city's debt outstanding for interest rate savings. The series 2020A bonds will refund a portion of the economic development authority's debt outstanding for interest rate savings.

Credit overview

In our view, the city benefits from very high reserves enabled by a history of stable budgetary performance and conservative management practices. Minnesota is under a stay-at-home directive through the COVID-19 pandemic, and smaller businesses are closed in Norwood Young America. S&P Global Economics reports that the COVID-19 pandemic has caused the national economy to fall into a recession (see "An Already Historic U.S. Downturn Now Looks Even Worse," published April 16, 2020, on RatingsDirect), which we expect will cause a near-term economic slowdown at the local level. Despite this pressure, the city's leading taxpayers and employers, composed primarily of food processing, commercial, and residential businesses, remain stable and functioning. Officials expect the city to end with balanced results at fiscal year-end (Dec. 31) 2020 and can postpone capital projects if needed to maintain

structural balance in the near term. However, we believe the city's property taxes serve as a relatively stable revenue stream and that the city's very strong flexibility can help weather recessionary pressures in the near term. Low wealth and income metrics relative to those of higher-rated peers and an elevated debt burden with high carrying charges limit our opinion of the city's credit quality, though we expect the city's financial position to remain stable.

The AA- long-term rating reflects our view of the city's:

- Strong economy, with access to a broad and diverse metropolitan statistical area;
- Strong management, with good financial policies and practices under our financial management assessment methodology;
- Adequate budgetary performance, with operating results that we expect could deteriorate in the near term relative to fiscal 2018, which closed with operating surpluses in the general fund and at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 75% of operating expenditures;
- Very strong liquidity, with total government available cash at 1.7x total governmental fund expenditures and 4.9x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 35.6% of expenditures and net direct debt that is 298.4% of total governmental fund revenue, but rapid amortization, with 74.8% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Stable Outlook

Downside scenario

We could lower the rating if the city's flexibility significantly weakened, either by a significant use of reserves or prolonged deficit spending.

Upside scenario

We could raise the rating in the unlikely event that the city's economy materially expanded and diversified, evidenced by improved economic wealth metrics and a moderation of the city's debt burden.

Credit Opinion

Strong economy

We consider Norwood Young America's economy strong. The city, with an estimated population of 3,800, is located in Carver County in the Minneapolis-St. Paul-Bloomington metropolitan statistical area, which we consider broad and diverse. The city has a projected per capita effective buying income of 106% of the national level and per capita market value of \$83,658. Overall, the city's market value grew by 7.3% to \$317.9 million in 2019. The county unemployment rate was 2.5% in 2018.

Norwood Young America covers 1,265 acres and is in the southwest corner of Carver County, about 40 miles southwest of the Minneapolis-St. Paul metropolitan area. The city was formed in 1997 from the merger of Norwood

and Young America, and thus has two separate downtown areas that have seen revitalization efforts in recent years. Given the city's location on the edge of the Twin Cities metropolitan area, commuting to downtown Minneapolis and St. Paul is possible, but most residents work in the western suburbs of the two cities. The city is seeing some commercial development and expansion in its industrial park, particularly with the city's largest taxpayer, Par Real Estate LLC, which represents 10.3% of the city's net tax capacity and purchased 8.5 acres from the park in 2018.

Officials report of restaurant and bar closures through Minnesota's stay-at-home directive, which was recently extended to May 18, but stability across its major employers, consisting primarily of food processing companies and manufacturers, and its taxpayers, consisting of commercial, residential, and utility companies. According to officials, the city is continuing to operate, with the majority of staff working. The county had extended the property tax due date by a month to relieve some pressure from taxpayers during the recession. Despite economic uncertainty, officials report of 10 building permits for new homes thus far during 2020 and discussion around the annexation of a 30-acre parcel at the city limits within the next year.

Strong management

We revised our assessment of the city's financial management assessment to good from standard, reflecting our opinion of the city's newly adopted five-year capital improvement plan in conjunction with other formalized policies and practices.

The city uses three years of historical data and a line-item approach when forming the budget. The council receives budget-to-actual performance reports on quarterly basis. Investments are reported annually in the audit, but management reports of a newly established finance committee that will likely review investment reports more frequently. The city maintains a multiyear financial forecast, and capital needs are assessed on a rolling five-year basis. The city has a formal policy to keep a total general fund balance of 35% of the following year's budgeted general operating expenditures. The city lacks a formal debt management policy.

Adequate budgetary performance

Norwood Young America's budgetary performance is adequate, in our opinion. The city had operating surpluses of 8.8% of expenditures in the general fund and of 13.5% across all governmental funds in fiscal 2018. Our assessment accounts for our expectation that budgetary results could deteriorate somewhat in the near term.

Our assessment of budgetary performance accounts for event risk stemming from the economic recession and the city's response of potentially postponing capital projects to budget for balanced operations for the current fiscal year.

The general fund benefits from a revenue structure that has historically been stable and predictable, consisting mostly of property taxes (60%) and state aid (19%), referred to as local government aid (LGA) in Minnesota. While we are not aware of reductions to LGA, cuts to certain government types have occurred during recessionary times in the past. However, if reductions are made, we believe the city will appropriately manage its budget to decrease expenditures and maintain mostly balanced operations. We note that the city does not receive sales tax or hotel tax revenue, which we consider more volatile sources.

We have adjusted performance to account for recurring transfers into the general fund and total governmental funds from enterprise funds. We have also adjusted total governmental performance to account for elevated debt service

payments from prepayments.

The city posted surpluses in its operating fund during each of the past three audited fiscal years. Management reports that the city has used growth in property tax valuations and increases in its levy to add to its unassigned fund balance. For fiscal 2019, officials estimate a smaller surplus as a result of slower economic growth. For fiscal 2020, officials budgeted for less LGA revenue in anticipation of possible cuts at the state level, but anticipate a balanced result. Officials report that they levied \$400,000 for capital projects, which could serve as a cushion to the general fund in the interim if the city experiences fiscal distress during the pandemic and ensuing recession.

Very strong budgetary flexibility

Norwood Young America's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2018 of 75% of operating expenditures, or \$1.6 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

Officials have used annual levy increases and conservative budgeting practices to increase its flexibility for the past several years. The city's available operating fund balance increased significantly during 2018 as a result of a reduction in the city's nonspendable interfund receivables from the debt service fund, with help from a one-time sale of land to Par Real Estate LLC. Officials have no plans to significantly draw on reserves over the next two years. Based on the city's history of very strong flexibility and its formal fund balance policy of maintaining at least 35% of operating expenditures in reserves, we anticipate the city will maintain very strong reserves for at least the near term.

Very strong liquidity

In our opinion, Norwood Young America's liquidity is very strong, with total government available cash at 1.7x total governmental fund expenditures and 4.9x governmental debt service in 2018. In our view, the city has strong access to external liquidity if necessary.

The city has issued debt several times over the past 20 years, supporting our view that it has strong excess to external liquidity. Its investments are primarily in checking accounts and U.S. Treasury obligations, neither of which we consider aggressive. Furthermore, the city has no contingencies that could pressure liquidity in the near term. We expect the city's liquidity position to remain very strong.

Weak debt and contingent liability profile

In our view, Norwood Young America's debt and contingent liability profile is weak. Total governmental fund debt service is 35.6% of total governmental fund expenditures, and net direct debt is 298.4% of total governmental fund revenue. Approximately 74.8% of the direct debt is scheduled to be repaid within 10 years, which is, in our view, a positive credit factor.

The city's overall net debt includes \$19.4 million in GO debt, of which we give \$7.3 million in self-support credit, and \$3.3 million in overlapping debt. The city plans to issue \$1 million to \$3 million in GO debt over the next two years for street and utility improvements. Given the city's rapid amortization schedule, we do not anticipate that this issue will weaken its debt profile further.

Norwood Young America's pension contributions totaled 2% of total governmental fund expenditures in 2018. The city made its full annual required pension contribution.

We do not believe that pension liabilities represent a medium-term credit pressure, as contributions are only a modest share of the budget. Norwood Young America participates in one multiple-employer, defined benefit pension plan that has seen recent improvements in funded status, though plan statutory contributions have regularly fallen short of actuarial recommendations. Along with certain plan-specific actuarial assumptions and methods, this introduces some long-term risk of funding volatility and cost acceleration. The city does not provide other postemployment benefits.

The city participates in the following plans:

- Minnesota General Employees Retirement Fund (GERF): 80.2% funded (as of June 30, 2019), with a city proportionate share of the plan's net pension liability of \$492,000
- Statewide Volunteer Firefighter Retirement Plan: 91.8% funded (Dec. 31, 2018), with a net pension liability of \$64,000.

Total contributions to GERF were 89% of our minimum funding progress metric and were slightly above static funding. Annual contributions are based on a statutory formula that has typically produced contributions lower than the actuarially determined contribution. In our view, this increases the risk of underfunding over time if the state legislature does not make adjustments to offset future funding shortfalls. Other key risks include a 7.5% investment rate-of-return assumption that indicates some exposure to cost acceleration as a result of market volatility, and an amortization method that significantly defers contributions through a lengthy, closed 30-year amortization period based on a level 3.25% payroll growth assumption. Regardless, costs remain only a modest share of total spending, and we believe they are unlikely to pressure the city's medium-term operational health.

The Norwood Young America Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan, an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Assn, of Minnesota. The plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join. As of Dec. 31, 2018, the plan covered 29 active firefighters and seven vested terminated firefighters whose pension benefits are deferred. The plan meets 102% of our static funding metric and 113% of our minimum funding progress calculation. Based on its relatively small net pension liability as a portion of budget and more conservative assumptions, including a 6% discount rate, we do not believe that this plan poses medium-term risk.

Strong institutional framework

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

Related Research

2019 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of May 5, 2020)		
Norwood Young America (AMBAC) GO	AA-(SPUR)/Stable	Affirmed
Norwood Young America GO	AA-/Stable	Affirmed
Unenhanced Rating		
Long Term Rating		

*Summary: Norwood Young America, Minnesota Norwood Young America Economic Development Authority;
General Obligation; Non-School State Programs*

Ratings Detail (As Of May 5, 2020) (cont.)

Norwood Young America GO bnds ser 2011A dtd 09/15/2011 due 02/01/2013-2020 2022 2024 2026 2032		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Norwood Young America GO bnds ser 2013B dtd 09/12/2013 due 02/01/2015-2024		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Norwood Young America GO rfdg bnds ser 2016A due 02/01/2035		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Norwood Young America GO wtr & swr rev rfdg bnds ser 2012A dtd 03/14/2012 due 02/01/2014-2024		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Norwood Young America GO (AGM)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Norwood Young America GO (Non School Prog)		
<i>Long Term Rating</i>	AAA/Stable	Current
<i>Underlying Rating for Credit Program</i>	AA-/Stable	Affirmed
Norwood Young America (SYNCORA) GO		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Norwood Young America Econ Dev Auth, Minnesota		
Norwood Young America, Minnesota		
Norwood Young America Econ Dev Auth (Norwood Young America) GO		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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