

PROCEEDINGS OF THE COUNTY BOARD

State of Minnesota }
County of Kanabec }
Office of the County Coordinator

October 10, 2012

The Kanabec County Board of Commissioners met at 9:00am on Wednesday, October 10, 2012 pursuant to adjournment with the following Board Members present: Kim Smith, Gene Anderson, Les Nielsen, Kevin Troupe, and Kathi Ellis

The Chairperson led the assembly in the Pledge of Allegiance.

Action #1 - It was moved by Kevin Troupe, seconded by Gene Anderson, and carried unanimously to approve the agenda as presented.

Action #2 – It was moved by Kathi Ellis, seconded by Gene Anderson and carried unanimously to approve the September 26, 2012 minutes of the Kanabec County Board of Commissioners as corrected: Correct Charlie Strickland Jr’s public comment to “Comments regarding the City of Ogilvie plans for the Timber Trails bus building”. Add “not to exceed \$2,500” on action #12.

Action #3 – It was moved by Kathi Ellis, seconded by Kevin Troupe and carried unanimously to approve the following paid claims:

Vendor	Amount
City of Milaca	34.56
East Central Energy	249.00
GMCU	1,491.74
GMCU	83.15
Holiday Credit Office	11,596.98
MN Dept of Finance	6,437.00
MN Dept of Finance	34.50
MN Dept of Health	1,785.00
MN Laborers Health & Welfare fund	550.00
MN Mutual Life Ins	259.65
Mora Municipal Utilities	17,714.54
Sprint	223.95
The Hartford	1,527.05
Wynn Law Firm	55.25
Wynn Law Firm	212.50
Total	<hr/> 42,254.87

Action #4 – It was moved by Kathi Ellis, seconded by Les Nielsen and carried unanimously to approve the following claims on the funds indicated:

Revenue Fund

VENDOR	AMOUNT
Ace Hardware	148.54
Ace Hardware	15.00
Ace Hardware	61.96
Advanced Correctional Healthcare	11,981.95
Ahner-Nystul, Barb	13.88
Aitkin Medical	2,015.62
AmeriPride	441.61
AmeriPride	39.62
Amherst H Wilder Foundation	11,772.50
Anderson, Karen	509.51
A'viands LLC	8,703.74
Bernhardt, Maria	183.16
Bernicks	49.98
Biever, Laurie	117.66
Braham Motor Service	1,632.33
Burski, Kathy	109.67
Byrant, Donna	2,671.87
Byrant, Donna	424.16
Cassman, Deb	243.65
Christianson, Craig	606.09
Clifton Larson Allen LLP	11,550.00
Coborns Pharmacy	719.29
Coborns Pharmacy	26.95
Coborns Pharmacy	85.65
Colburn, Judy	598.87
Craguns	407.40
D&T Ventures	578.81
D&T Ventures	500.00
Dandelion Floral	129.78
Dex Media East	29.90
Deyta LLC	90.00
Druar, Dan	293.95
DS Solutions Inc	769.50
East Central Exterminating	122.90
East Central Regional Juvenile Center	699.00
ECM Publishers	141.00
EG Rud & Sons	4,632.41

Electric Motor Service	1,432.62
Electric Motor Service	108.49
Elfstrum, Brenda	446.22
Erbstoesser, Arnie	13.88
Eustice, Todd	277.51
Faust, Patrick	936.01
Felland, Becky	85.47
Filibeck, Karla	157.21
First Light Health System	1,256.00
First Light Health System	1,900.00
Fresonke, Lew	82.50
Friday, Jenny	28.31
Galls	1,765.82
Garcia, Tim	220.00
Geisthardt, Betty	375.48
Glen's Tire	82.00
Grainger	32.65
Grainger	57.94
Granite City Jobbing	864.66
Granite City Jobbing	134.95
Hawkins, Dorothy	1,595.44
Health Partners	3,516.54
Hoefert, Bob	1,403.44
Holiday Stationstore	4,000.00
Holland, Jeff	28.31
Hood, Barb	645.53
Hood, Bill	258.33
Image Office Service	83.91
Jebsen, Michelle	176.49
JJ Keller & Assoc	372.95
Johnsons Hardware	23.50
Johnsons Hardware	13.27
Jola Publications	210.00
Kanabec Co Hwy Dept	122.65
Kanabec Co Hwy Dept	54.78
Kanabec Co Hwy Dept	16.21
Kanabec Co Public Health	1,366.98
Kanabec Publications	140.52
Kanabec Publications	94.50
Keepsr	73.88
Kramersmeier, Wallace	550.00
Landreville, Willard	842.70
Lane, Dave	32.19

Leerssen, Jennifer	819.22
Leininger, Dennis	64.97
Lennox, Wade	192.03
MACACC	50.00
MACPZA	175.00
Majeski, Annette	97.68
Marohn, Brenda	18.87
MCCC	14,712.49
McDowall Company	1,100.00
McIntosh, Bob	725.00
MCIT	25.00
Microsoft TechNet	159.24
MidContinent	59.18
Mille Lacs Co Community & VA	170.00
MN Dental Assoc	128.43
MN Monitoring	294.00
MN Monitoring	112.00
MN Prev Resource Center	780.00
MN Sheriff's Assn	373.00
Moore Medical	193.78
Moore Medical	153.44
Mora Chevrolet Buick	2,378.70
Mora Chevrolet Buick	32.22
Mora Schools	46.55
National Academies of Emergency Dispatch	50.00
Nelson Auto Center	23,372.88
Nelson, Ansel	988.11
Nelson, Jerry	300.11
Nelson, Linda	133.20
Nelson, Ronette	920.61
Newgard, Jean	273.64
Noble Medical Inc	321.84
Oak Gallery	9.75
Office Depot	230.29
Office Depot	94.32
Office Depot	64.08
Office Depot	406.31
Office Depot	22.57
Office Depot	58.94
Office of Enterprise Technology	1,300.00
Olson, Autumn	188.71
Osterdyk, Dorothy	219.78

Owens Auto Parts	616.18
Owens Auto Parts	216.81
Owens Auto Parts	44.52
PD's Embroidery	304.59
PD's Embroidery	110.00
Perlick, Lisa	1,160.00
Pieper, Rollie	1,034.14
ProPhoenix Corp	33,755.00
Quality Disposal	328.39
Quality Disposal	176.54
Quill Corp	27.77
Quill Corp	111.11
Raiche, Nancy	222.01
Raudabaugh, Carey	104.90
Regents of the U of MN	11,608.99
Reliance Telephone	3,400.00
Ringler, Jennie	31.64
Rittenour, Michelle	84.92
Rogers, Pearl	710.46
Rosburg, Diane	335.23
Ryan, Rosemarie	830.00
S&T Office Products	130.77
S&T Office Products	473.82
S&T Office Products	24.47
S&T Office Products	21.75
S&T Office Products	32.58
S&T Office Products	61.47
Sedlacek, Lowell	9.07
SelectAccount	274.50
Shaken Baby Prevention Program	19.05
Sheriff, Isanti Co	45.61
Skramstad, Linda	216.46
Stellar Services	705.39
Street Factory Media	3,050.00
Streichers	2,694.97
Swanson, Lori	11.10
Synergy Graphics	6,423.84
Tadych, Marge	911.27
Telander, Sarah	386.84
Thompson, Wendy	511.71
TigerDirect	852.51
TigerDirect	211.90
TigerDirect	363.71

Tinker & Larson	100.00
Tinker & Larson	592.15
Trane US Inc	1,314.00
UHL Company	446.11
Uniform Unlimited	49.78
US Bank	57,566.25
Vogel, Darla	194.25
Wergin, Richard	175.00
West Payment Center	244.80
West Payment Center	174.21
White, Ellen	88.25
Wickeham, Teresa	209.79
Wickeham, Teresa	46.62
Wilder, Dan	47.50
Wolbert, Marlys	246.98
Zamora, Ray	457.90
Total	<u>275,413.27</u>

Road & Bridge Fund

Vendor	Amount
Ace Hardware	138.58
Ameripride	516.36
Arnold's Equipment, Inc.	186.00
Auto Value Mora	2,199.81
Blum Sand & Gravel	205.20
Boyer Trucks	33.41
Cemstone Products Company	1,179.48
Central Applicators, Inc.	4,429.42
Commissioner of Transportation	1,335.33
Commissioner of Transportation/CE	250.00
Federated Coops, Inc.	208.41
FirstLab	70.00
Glens Tire	113.50
Gopher State One-Call	4.35
Granite City Jobbing	28.43
H & L Mesabi	2,404.65
Kanabec Co. Highway Dept	16.32
Kanabec Co. Auditor/Treasurer	1,500.00
Kanabec Publications, Inc.	305.38
Kanabec Rental	42.75
Kirk Krist	47.06
Lacal Equipment, Inc.	1,245.53
Locators & Supplies, Inc.	420.63
Nuss Truck & Equipment	79.24
Oslin Lumber	188.57
Owen's Auto Parts	525.72

Pomp's Tire Service, Inc.	5,558.67
Power Plan	2,049.28
Quality Disposal Systems, Inc.	134.42
Richards, Lila, The Cleaning Agent	942.64
3M	97.50
University of MN/College of Cont Ed	100.00
Nate Westling	45.05
Total:	<u>26,601.69</u>

Action #5 – It was moved by Kathi Ellis, seconded by Kevin Troupe and carried unanimously to approve the following resolution:

Resolution #5 – 10/10/12
SNOW REMOVAL BIDS

WHEREAS the Kanabec County Board of Commissioners wish to continue contracting for snow removal services; and

WHEREAS the following quotes were received for snow removal from sidewalks and parking lots at county facilities:

Dave's Lawn & Snow:	
Sidewalks	\$288.00
Parking lots	<u>\$329.00</u>
Total	\$617.00

BE IT RESOLVED to accept the low quote of \$617.00 submitted by Dave's Lawn & Snow for snow removal services for the 2012-2013 season.

Action #6 - It was moved by Les Nielsen, seconded by Gene Anderson, and carried unanimously to recess the board meeting at 9:11am to a time immediately following the Public Health Board.

The Kanabec County **Public Health Board** met at **9:11am** on Wednesday, October 10, 2012 pursuant to public notice with the following Board Members present: Les Nielsen, Kim Smith, Gene Anderson, Kevin Troupe, and Kathi Ellis. Health & Human Service Director Wendy Thompson presented the Health Board agenda.

Action #PH7 – It was moved by Kevin Troupe, seconded by Kathi Ellis and carried unanimously to approve the Public Health Board Agenda as presented.

Action #PH8 – It was moved by Kevin Troupe, seconded by Les Nielsen and carried unanimously to approve the following resolution:

Resolution #PH8 – 10/10/12

MOU between CMCOA and KCPH for LTCC Consultations Resolution

WHEREAS, the County Public Health Long Term Care Consultation (LTCC) units and the Area Agencies on Aging (AAA) will jointly provide Long Term Care Consultation and Long-term Care Options Counseling as authorized under Minnesota Statutes, section 256B.0911, subdivision 3c. to all citizens requesting this service, regardless of Minnesota Health Care Programs eligibility, and

WHEREAS, the county LTCC units and the AAA will each perform distinct tasks related to the implementation of the Long Term Care Consultation & Long-term Care Options Counseling; and

WHEREAS, the distribution of the funding made available by the legislature to support this service has been determined by the commissioner of the Department of Human Services (DHS) to be shared between the AAA and the county LTCC units for the nursing facility year beginning October 1, 2012, and

WHEREAS, the additional funding for these services is included in the county allocation methodology as described under Minnesota Statutes, section 256B.0911, subdivision 6;

THEREFORE BE IT RESOLVED to approve the Kanabec County Health and Human Services Director signing an MOU with Central Minnesota Council on Aging to provide Long Term Care Consultation and Long-term Care Options Counseling as authorized under Minnesota Statutes, section 256B.0911, subdivision 3c.

Action #PH9 – It was moved by Kathi Ellis, seconded by Gene Anderson and carried unanimously to approve the following resolution:

Resolution #PH9 – 10/10/12

Blue Cross Blue Shield Hospice Resolution

WHEREAS, Kanabec County Public Health Hospice provides end of life care for area residents who may or may not be insured; and

WHEREAS, Blue Cross Blue Shield is one of the largest insurance providers in the State; and

WHEREAS, if Kanabec County Public Health Hospice contracts with insurance providers, clients receive better benefits for services rendered, relieving some of the out of

pocket expenses for those services and Kanabec County Public Health Hospice is paid directly by the insurance provider, when they otherwise may not receive payment at all.

THEREFORE BE IT RESOLVED to approve the Kanabec County Health and Human Services Director entering into a contract with Blue Cross Blue Shield for Hospice services provided by Kanabec County Public Health Hospice for a term of one year increments.

Action #PH10 – Kathi Ellis introduced the following resolution:

Resolution #PH10 – 10/10/12

WHEREAS, the CHS of Kanabec and Pine Counties have been chosen to administer a 1.2 million dollar MIECHV grant from the MN Department of Health for 2013-2014; and

WHEREAS, there are two Evidence Based Home Visiting Model Developers programs involved in this MIECHV grant those being Healthy Families America Program and Nurse Family Partnership; and

WHEREAS, the administration of this grant requires that each county meet the specific requirements from the EBHVMD; and

WHEREAS, one requirement of this grant is that each county add 2.5 FTE to be compliant;

THEREFORE BE IT REVOLVED to increase Public Health Nurse Jeff Holland from intermittent part time to full time effective November 3, 2012; and

BE IT FURTHER RESOLVED to demote Laura Bork from Nursing Supervisor to Public Health Nurse Specialist effective October 20, 2012; and

BE IT FUTHER RESOLVED that the County Board authorizes the Health & Human Services Director and the County Personnel Director to hire a full time Public Health Nurse Specialist/Public Health Nurse to refill the vacant position at Step A, Range 14 of the pay plan which is \$24.79 (\$22.79 per hour + a \$2.00 market adjustment) or the rate set by internal promotion or Step A, Range 11 of the pay plan which is \$21.14 per hour (\$19.14 per hour + a \$2.00 market adjustment) or the rate set by rule for internal promotion, and

BE IT FURTHER RESOLVED that authorization to fill and continue these positions is contingent upon continued grant funds and this position will expire concurrent with the loss of grant funding.

The motion for the adoption of the foregoing Resolution was duly seconded by Kevin Troupe and upon a vote being taken thereon, the following voted:

IN FAVOR THEREOF: Kathi Ellis, Kevin Troupe, Les Nielsen, Kim Smith

OPPOSED: None
ABSTAIN: Gene Anderson

whereupon the resolution was declared duly passed and adopted.

Action #PH11 – It was moved by Kevin Troupe, seconded by Gene Anderson and carried unanimously to recess the Public Health Board at 10:03am to meet in regular session on Wednesday, November 14, 2012 at 9:05am.

The Board of Commissioners meeting continued.

Members of the Kanabec Broadband Initiative met with the County Board to give the board a presentation on a study that was done in Kanabec County. No action was taken at this time.

10:31am - The Chairperson then called for public comment. Those that responded included:

Randy Reynolds	Comments on timber permit. Any conflict with the Ski Trail please take consideration as to the effect on the Vasaloppet trail.
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10:35am - The Chairperson closed public comment.

Tony Miller with the Department of Natural Resources met with the County Board to discuss matters concerning a timber permit. No action was taken at this time.

Action #12 – It was moved by Kevin Troupe, seconded by Kathi Ellis and carried unanimously to approve the following resolution:

Resolution #12 – 10/10/12

Mechanic's Assistant/Bldg & Grounds Maintenance Worker Evaluation

WHEREAS the board did by Resolution #25-07/25/12 refer the position of Mechanic's Assistant/Bldg & Grounds Maintenance Worker to the pay plan consultant for review, and

WHEREAS the board has been presented with the results of that study; and

WHEREAS the pay consultant does recommend changing the experience of the position from 2 years to 3 years;

BE IT RESOLVED to accept the recommend and the following ranking for the "Mechanic's Assistant/Building & Grounds Maintenance Worker" position, which results in Pay Range 7:

Category	Rank	Points
Qualifications	q24	57
Decisions	d9	29
Problem Solving	p9	31
Relationships	r8	36
Effort A	ea13	8
Effort B	eb6	5
Hazards	h18	25
Environment	n11	23
TOTAL POINTS		214

and,

BE IT FURTHER RESOLVED that this change is effective October 10, 2012.

Maintenance Supervisor Jerry Pedersen met with the County Board to discuss matters concerning the old jail building. The board requested that staff prepare an RFP regarding professional services (architect) outline possible use for the old jail building.

Carolyn Drude with Ehlers & Associates, Inc met with the County Board to discuss matters concerning county bonds.

Action #13 – It was moved by Les Nielsen, seconded by Kevin Troupe and carried unanimously to approve the following resolution:

Resolution #13 – 10/10/12

RESOLUTION AUTHORIZING ISSUANCE, AWARDED SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$2,905,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012A

BE IT RESOLVED by the Board of Commissioners (the “Board”) of Kanabec County, Minnesota (the “Issuer”), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.1. Authorization. This Board, by resolution duly adopted on September 12, 2012, authorized the issuance and sale on the date hereof of \$2,905,000 in principal amount of its General Obligation Refunding Bonds, Series 2012A (the “Bonds”), the proceeds to be used to provide funds to refund on February 1, 2013 (the “Redemption Date”) in a current refunding, the 2014 through 2019 maturities of the Issuer’s \$5,125,000 General Obligation Refunding Bonds dated, as originally issued, as of March 9, 2005 (the “Refunded Bonds”), issued to refinance improvements to the county courthouse. The Issuer believes that a substantial debt service savings can be achieved by the issuance and sale of the Bonds.

1.2. Sale. The Issuer has retained Ehlers & Associates, Inc. as independent financial advisor in connection with the sale of the Bonds. Pursuant to Minnesota Statutes, Section 475.60, subdivision 2(9), the requirements as to public sale do not apply to the issuance of the Bonds. Pursuant to the Official Statement prepared on behalf of the Issuer by Ehlers & Associates, Inc., sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened, publicly read and considered, and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of United Bankers' Bank, in Bloomington, Minnesota (the "Purchaser"), to purchase the Bonds at a price of \$2,893,961.00 plus accrued interest, if any, on all Bonds to the date of delivery and payment, on the further terms and conditions hereinafter set forth.

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

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

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

2.2. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of the date of issuance thereof, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities, shall mature on February 1 in the years and amounts stated below, and shall bear interest from the date of original issue until paid or duly called for redemption at the annual rates set forth opposite such years and amounts, as follows:

Year	Amount	Rate	Year	Amount	Rate
2014	\$460,000	0.40%	2017	\$485,000	0.70%
2015	\$470,000	0.50%	2018	\$500,000	0.90%
2016	\$480,000	0.60%	2019	\$510,000	1.05%

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.7 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.3. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to

Section 2.8 and upon any subsequent transfer or exchange pursuant to Section 2.6, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on each February 1 and August 1, commencing August 1, 2013, each such date being referred to herein as an Interest Payment Date, to the persons in whose names the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar's close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.4. Redemption. The Bonds shall not be subject to optional prepayment.

2.5. Appointment of Registrar. The Issuer hereby appoints Bond Trust Services Corporation, in Roseville, Minnesota, as the initial bond registrar, transfer agent and paying agent (the "Registrar"). The Chair and County Coordinator are authorized to execute and deliver, on behalf of the Issuer, 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 organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The Issuer agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Issuer reserves the right to remove the Registrar, effective upon not less than thirty days' written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

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

(a) Register. The Registrar shall keep at its principal corporate trust office a register (the "Bond Register") in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged. The term Holder or Bondholder as used herein shall mean the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name a Bond is registered in the Bond Register.

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

(c) Exchange of Bonds. At the option of the Holder of any Bond in a denomination greater than \$5,000, such Bond may be exchanged for other Bonds of authorized denominations, of the same maturity and a like aggregate principal amount, upon surrender of the Bond to be exchanged at the office of the Registrar. Whenever any Bond is so surrendered for exchange the Issuer shall execute and the Registrar shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

(d) Cancellation. All Bonds surrendered for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

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

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

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

2.8. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the County Coordinator and shall be executed on behalf of the Issuer by the signatures of the Chair and the County Coordinator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until the date of delivery of such

Bond. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond, substantially in the form provided in Section 2.9, has been 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 any Bond shall be conclusive evidence that it has been duly authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the County Coordinator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA
KANABEC COUNTY

GENERAL OBLIGATION REFUNDING BOND, SERIES 2012A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP No.
	February 1, 20__	November 7, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

KANABEC COUNTY, MINNESOTA (the "Issuer") acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above, without option of prior payment, and promises to pay interest thereon from the date of original issue specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual interest rate specified above, payable on February 1 and August 1 in each year, commencing August 1, 2013 (each such date, an "Interest Payment Date"). The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof, the principal hereof, are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, in Roseville, Minnesota, as bond registrar, transfer agent and paying agent (the "Registrar"), 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 Issuer have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$2,905,000 issued pursuant to a resolution adopted by the Board on October 10, 2012 (the "Resolution"), to provide funds to refund certain outstanding obligations of the Issuer, and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 375.18 and 475. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

The Bonds are not subject to optional redemption prior to maturity.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the Bond Register maintained by the Registrar at its principal office, 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 Issuer will cause a new Bond or Bonds to be issued in the name of the designated transferee or transferees, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date. The Registrar may require payment of a sum sufficient to pay any tax, fee or governmental charge required to be paid with respect to any such transfer or exchange.

The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that prior to the issuance hereof, the Board of Commissioners of the Issuer has by the Resolution covenanted and agreed to levy ad valorem taxes upon all taxable property in the Issuer, which taxes will be collectible for the years and in amounts sufficient to produce sums not less than five percent in excess of the principal of and interest on the Bonds when due, and has appropriated such taxes to its General Obligation Refunding Bonds, Series 2012A Bond Fund for the payment of principal

and interest; that if necessary for payment of such principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the Issuer, without limitation as to rate or amount; that the issuance of this Bond, together with all other indebtedness of the Issuer outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation of indebtedness.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed on its behalf by the facsimile signatures of the Chair and County Coordinator and has caused this Bond to be dated as of the date set forth below.

KANABEC COUNTY, MINNESOTA

(facsimile signature County Coordinator)

(facsimile signature Chair)

CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Bonds referred to in the Resolution mentioned within.

BOND TRUST SERVICES CORPORATION, as Registrar

By _____
Authorized Representative

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 the applicable laws or regulations:

TEN COM - as tenants in common UTMA as Custodian for
(Cust) (Minor)

TEN ENT - as tenants by the entireties under Uniform Transfers to Minors Act
(State)

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

Additional abbreviations may also be used.

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 enlargement or any change whatsoever.

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other signature guaranty program as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee: _____

[End of form of Bond]

SECTION 3. USE OF PROCEEDS. Upon payment for the Bonds by the Purchaser, the County Coordinator shall deposit and apply the proceeds of the Bonds as follows: (a) \$2,860,000.00 shall be deposited in the sinking fund established for the Refunded Bonds to be applied to their redemption and prepayment on the Redemption Date, in accordance with the provisions of the resolution authorizing their issuance; (b) \$31,102.00 shall be used to pay issuance expenses of the Bonds; and (c) \$2,859.00 shall be deposited in the Bond Fund created pursuant to Section 4 hereof.

SECTION 4. GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012A BOND FUND. There is hereby established on the official books and records of the Issuer a separate fund designated the General Obligation Refunding Bonds, Series 2012A Bond Fund (the "Bond Fund"). The principal of and interest on the Bonds shall be payable from the Bond Fund, and the Bond Fund shall be maintained until the Issuer has paid, or made provision for the payment of, all of the principal of and interest on the Bonds. If the balance on hand in the Bond Fund is at any time insufficient to pay principal and interest then due on the Bonds, such amounts shall be paid from other money on hand in other funds of the Issuer, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The money on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. Into the Bond Fund shall be paid (a) any proceeds of the Bonds described in Section 3, (b) all taxes collected pursuant to Section 5 hereof, (c) all excess amounts on deposit in the debt service fund maintained for the payment of the Refunded Bonds upon retirement of the Refunded Bonds on the Redemption Date, and (d) any other funds appropriated by the Issuer

for the payment of the principal of or interest on the Bonds.

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

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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See attached levy calculation

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

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

SECTION 7. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of the Bonds shall cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date if there is deposited with the Registrar on or before that date a sum sufficient for the payment thereof in full, or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer 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 an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or earlier designated redemption date.

SECTION 8. CERTIFICATION OF PROCEEDINGS.

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

8.2. Authentication of Transcript. The officers of the Issuer are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the Issuer as to the correctness of all statements contained therein.

8.3. Official Statement. The Official Statement relating to the Bonds, dated September 27, 2012, as amended by an Addendum thereto dated October 1, 2012, prepared and delivered on behalf of the Issuer by Ehlers & Associates, Inc., is hereby approved, and the officers of the Issuer are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency thereof. Ehlers & Associates, Inc. is hereby authorized on behalf of the Issuer to prepare and distribute to the Purchaser within seven business days from the date hereof a supplement to the Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds as is required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934. The officers of the Issuer are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

SECTION 9. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

9.1. Restrictive Action. The Issuer covenants and agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. The Issuer shall not enter into any lease agreement, use agreement, capacity contract or other agreement with any nongovernmental user with respect to the facilities refinanced by the Bonds which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

9.2. Certification. The Chair and County Coordinator, being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and Regulations.

9.3. Arbitrage Rebate. The Issuer acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The Issuer covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no “gross proceeds” of the Bonds (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof.

9.4. Qualified Tax-Exempt Obligations. It is hereby determined that the portion of the Bonds which is equal to the outstanding principal amount of the Refunded Bonds, \$2,860,000, is deemed designated as “qualified tax-exempt obligations” as provided in Section 265(b)(3)(D) of the Code, since:

(a) the Refunded Bonds, when issued, were designated by the Issuer as qualified tax-exempt obligations under Section 265(b) of the Code;

(b) the aggregate face amount of the issue of which the Bonds are a part does not exceed \$10,000,000;

(c) the weighted average maturity of the Bonds does not exceed the remaining weighted average maturity of the Refunded Bonds; and

(d) no Bond has a maturity date which is later than thirty (30) years after the date of issuance of any bonds refunded by the Refunded Bonds which were designated as qualified tax-exempt obligations.

The Board hereby designates the remaining \$45,000 in principal amount of Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, and hereby finds that the reasonably anticipated amount of tax-exempt obligations which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) and are not excluded from this calculation by Section 265(b)(3)(C)(ii) of the Code and which will be issued by the Issuer and all subordinate entities during calendar year 2012 does not exceed \$10,000,000

9.5. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to

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

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

- (1) on or before twelve (12) months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2012, the following financial information and operating data in respect of the Issuer (the "Disclosure Information"):
 - (A) the audited financial statements of the Issuer for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Issuer, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the Issuer; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently

available of the type contained in the Official Statement under headings: “Valuations--Current Property Valuations”; “Debt--Direct Debt”; “Tax Levies and Collections” and “General Information—Employment / Unemployment Data” and “--U.S. Census Data--Population Trend.”

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

(2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a Material Fact):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;

- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the Issuer to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the Issuer under subsection (d)(2);
 - (C) the termination of the obligations of the Issuer under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the Issuer.

(c) Manner of Disclosure.

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

(d) Term; Amendments; Interpretation.

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

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

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

SECTION 10. REDEMPTION; AUTHORIZATION OF PAYMENT.

10.1. Redemption of Refunded Bonds. The County Coordinator is hereby directed to instruct U.S. Bank National Association, in St. Paul, Minnesota, as paying agent for the Refunded Bonds, to call the Refunded Bonds for redemption and prepayment on the Redemption Date in the form attached hereto as Exhibit A, all in accordance with the provisions of the resolution authorizing the issuance of the Refunded Bonds.

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

Action #14 – It was moved by Kathi Ellis, seconded by Gene Anderson and carried unanimously to approve the following resolution:

Resolution #14 – 10/10/12

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$2,900,000 GENERAL OBLIGATION MEDICAL FACILITIES EQUIPMENT AND REFUNDING BONDS, SERIES 2012B

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

SECTION 1. AUTHORIZATION AND SALE.

1.1. Authorization. This Board, by resolution duly adopted on September 12, 2012, authorized the issuance and sale on the date hereof of \$2,900,000 in principal amount of its General Obligation Medical Facilities Equipment and Refunding Bonds, Series 2012B (the "Bonds"), the proceeds to be used to provide funds (a) to refund on December 14, 2012 (the "Redemption Date") in a current refunding (the "Refunding"), the 2013 through 2022 maturities of the Issuer's \$3,785,000 General Obligation Medical Facilities Bonds dated, as originally issued, as of May 1, 2001 (the "Refunded Bonds"), issued to finance the construction and equipping of a medical office building (the "Facility") attached to the Kanabec County Hospital in Mora, Minnesota (the "Hospital"), and (b) to finance the acquisition of capital equipment (the "Equipment") to be installed in the Hospital. The Issuer believes that a substantial debt service savings can be achieved through the Refunding. The principal amount of the Bonds allocable to the refunding is equal to \$2,390,000 (the "Refunding Bonds"), and the principal amount of the Bonds allocable to the acquisition of the Equipment is equal to \$510,000 (the "Equipment Bonds"). The reasonably anticipated useful life of the Equipment is at least equal to the term of the Equipment Bonds.

1.2. Sale. The Issuer has retained Ehlers & Associates, Inc. as independent financial advisor in connection with the sale of the Bonds. Pursuant to Minnesota Statutes, Section 475.60, subdivision 2(9), the requirements as to public sale do not apply to the issuance of the Bonds. Pursuant to the Official Statement prepared on behalf of the Issuer by Ehlers & Associates, Inc., sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened, publicly read and considered, and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of UMB Bank, N.A., in Kansas City, Missouri (the “Purchaser”), to purchase the Bonds at a price of \$2,882,020.00, plus accrued interest, if any, on all Bonds to the date of delivery and payment, on the further terms and conditions hereinafter set forth.

1.3. Award. The sale of the Bonds is hereby awarded to the Purchaser, and the Chair and County Coordinator are hereby authorized and directed to execute a contract on behalf of the Issuer for the sale of the Bonds in accordance with the Official Statement. The good faith deposit of the Purchaser shall be retained and deposited by the Issuer until the Bonds have been delivered and shall be deducted from the purchase price paid at settlement. The delivery of the Bonds is subject to the satisfactory completion of a public hearing expected to be held October 24, 2012, in accordance with Section 147(f) of the Internal Revenue Code.

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

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

2.2. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of the date of issuance thereof, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities, shall mature on May 1 in the years and amounts stated below, and shall bear interest from the date of original issue until paid or duly called for redemption at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Total Amount</u>	<u>Refunding Bonds</u>	<u>Equipment Bonds</u>	<u>Rate</u>
2013	\$240,000	\$190,000	\$50,000	0.35%
2014	290,000	240,000	50,000	0.40
2015	285,000	235,000	50,000	0.45
2016	290,000	240,000	50,000	0.60
2017	290,000	240,000	50,000	0.70
2018	290,000	240,000	50,000	0.85

2019	295,000	245,000	50,000	1.05
2020	300,000	250,000	50,000	1.25
2021	310,000	255,000	55,000	1.40
2022	310,000	255,000	55,000	1.60

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.7 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.3. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.8 and upon any subsequent transfer or exchange pursuant to Section 2.6, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on each May 1 and November 1, commencing May 1, 2013, each such date being referred to herein as an Interest Payment Date, to the persons in whose names the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar’s close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.4. Redemption. The Bonds shall not be subject to optional prepayment.

2.5. Appointment of Registrar. The Issuer hereby appoints Bond Trust Services Corporation, in Roseville, Minnesota, as the initial bond registrar, transfer agent and paying agent (the “Registrar”). The Chair and County Coordinator are authorized to execute and deliver, on behalf of the Issuer, 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 organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The Issuer agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Issuer reserves the right to remove the Registrar, effective upon not less than thirty days’ written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

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

(a) Register. The Registrar shall keep at its principal corporate trust office a register (the “Bond Register”) in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged. The term Holder or Bondholder as used herein

shall mean the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name a Bond is registered in the Bond Register.

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

(c) Exchange of Bonds. At the option of the Holder of any Bond in a denomination greater than \$5,000, such Bond may be exchanged for other Bonds of authorized denominations, of the same maturity and a like aggregate principal amount, upon surrender of the Bond to be exchanged at the office of the Registrar. Whenever any Bond is so surrendered for exchange the Issuer shall execute and the Registrar shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

(d) Cancellation. All Bonds surrendered for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the

Issuer may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever, and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

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

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

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution.

In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.8. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the County Coordinator and shall be executed on behalf of the Issuer by the signatures of the Chair and the County Coordinator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until the date of delivery of such Bond. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond, substantially in the form provided in Section 2.9, has been 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 any Bond shall be conclusive evidence that it has been duly authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the County Coordinator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA
KANABEC COUNTY

GENERAL OBLIGATION MEDICAL FACILITIES EQUIPMENT
AND REFUNDING BOND, SERIES 2012B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
	May 1, 20__	November 7, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

KANABEC COUNTY, MINNESOTA (the "Issuer") acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above,

without option of prior payment, and promises to pay interest thereon from the date of original issue specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual interest rate specified above, payable on May 1 and November 1 in each year, commencing May 1, 2013 (each such date, an "Interest Payment Date"). The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof, the principal hereof, are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, in Roseville, Minnesota, as bond registrar, transfer agent and paying agent (the "Registrar"), 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 Issuer have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$2,900,000 issued pursuant to a resolution adopted by the Board on October 10, 2012 (the "Resolution"), to provide funds to refund certain outstanding obligations of the Issuer issued to finance the acquisition and equipping of a medical facility (the "Facility") located adjacent to the Kanabec County Hospital in Mora, Minnesota (the "Hospital") and to finance the acquisition of capital equipment to be installed in the Hospital, and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 373.01 and 475. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

The Bonds are not subject to optional redemption prior to maturity.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the Bond Register maintained by the Registrar at its principal office, 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 Issuer will cause a new Bond or Bonds to be issued in the name of the designated transferee or transferees, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date. The Registrar may require payment of a sum sufficient to pay any tax, fee or governmental charge required to be paid with respect to any such transfer or exchange.

The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar

shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Issuer.

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that the Issuer has appropriated revenues of the Facility, Hospital and ad valorem taxes to be levied upon all taxable property in the Issuer to the payment of principal of and interest on the Bonds and anticipates that such revenues and taxes will be sufficient to pay when due all principal of and interest on the Bonds but if necessary for payment of such principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the Issuer, without limitation as to rate or amount; that the issuance of this Bond, together with all other indebtedness of the Issuer outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation of indebtedness.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed on its behalf by the facsimile signatures of the Chair and County Coordinator and has caused this Bond to be dated as of the date set forth below.

KANABEC COUNTY, MINNESOTA

(facsimile signature County Coordinator)

(facsimile signature Chair)

CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Bonds referred to in the Resolution mentioned within.

BOND TRUST SERVICES CORPORATION, as Registrar

By _____
Authorized Representative

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 the applicable laws or regulations:

TEN COM - as tenants in common UTMA as Custodian for
(Cust) (Minor)

TEN ENT - as tenants by the entireties under Uniform Transfers to Minors Act
(State)

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

Additional abbreviations may also be used.

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 enlargement or any change whatsoever.

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other signature guaranty program as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee: _____

[End of form of Bond]

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

(a) \$536,163.00 shall be applied to the payment of costs of the Equipment and issuance expenses of the Bonds;

(b) \$2,343,751.94 shall be deposited in the sinking funds established for the Refunded Bonds to be applied to their redemption and prepayment on the Redemption Date, in accordance with the provisions of the resolution authorizing their issuance; and

(c) \$2,105.06 shall be deposited in the Bond Fund created pursuant to Section 4 hereof.

SECTION 4. GENERAL OBLIGATION MEDICAL FACILITIES EQUIPMENT AND REFUNDING BONDS, SERIES 2012B BOND FUND. There is hereby established on the official books and records of the Issuer a separate fund designated the General Obligation Medical Facilities Equipment and Refunding Bonds, Series 2012B Bond Fund (the “Bond Fund”). The principal of and interest on the Bonds shall be payable from the Bond Fund, and the Bond Fund shall be maintained until the Issuer has paid, or made provision for the payment of, all of the principal of and interest on the Bonds. If the balance on hand in the Bond Fund is at any time insufficient to pay principal and interest then due on the Bonds, such amounts shall be paid from other money on hand in other funds of the Issuer, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The money on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. Into the Bond Fund shall be paid (a) any proceeds of the Bonds described in Section 3, (b) all taxes collected pursuant to Section 5 hereof, (c) the revenues of the Facility and Hospital, to the extent necessary to pay debt service on the Refunding Bonds and (d) all other moneys as shall be appropriated by the Board to the Bond Fund from time to time.

SECTION 5. PLEDGE OF TAXING POWERS. The full faith, credit and taxing powers of the Issuer are hereby irrevocably pledged for prompt and full payment of principal of and interest on the Bonds when due, and if necessary for the payment of such principal and interest, the Issuer will levy ad valorem taxes on all taxable property within its corporate limits, without limitation as to rate or amount. The Issuer presently estimates that the revenues from the Facility available to be appropriated to the Bond Fund will be at least five percent in excess of the amounts needed to meet when due the principal and interest payments on the Refunding Bonds.

In order to produce aggregate amounts not less than 5% in excess of the amount needed to meet when due the principal and interest payments on the Equipment Bonds, ad valorem taxes are hereby levied on all taxable property in the Issuer. The taxes are to be levied and collected in the following years and amounts:

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

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

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

SECTION 7. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of the Bonds shall cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date if there is deposited with the Registrar on or before that date a sum sufficient for the payment thereof in full, or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer 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 an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or earlier designated redemption date.

SECTION 8. CERTIFICATION OF PROCEEDINGS.

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

8.2. Authentication of Transcript. The officers of the Issuer are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the Issuer as to the correctness of all statements contained therein.

8.3. Official Statement. The Official Statement relating to the Bonds, dated September 27, 2012, prepared and delivered on behalf of the Issuer by Ehlers & Associates, Inc., is hereby approved, and the officers of the Issuer are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency thereof. Ehlers & Associates, Inc. is hereby authorized on behalf of the Issuer to prepare and distribute to the Purchaser within seven business days from the date hereof a supplement to the Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds as is required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934. The officers of the Issuer are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

SECTION 9. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

9.1. Restrictive Action. The Issuer covenants and agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. The Issuer shall not enter into any lease agreement, use agreement, capacity contract or other agreement with any non-governmental user with respect to the System which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code. The Bonds are being issued as "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code due to anticipated use of the Facility by Allina Health System and certain other organizations described in Section 501(c)(3) of the Code.

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

9.3. Arbitrage Rebate. The Issuer acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The Issuer covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof.

9.4. Qualified Tax-Exempt Obligations. It is hereby determined that the portion of the Bonds which is equal to the outstanding principal amount of the Refunded Bonds, \$2,330,000, is deemed designated as “qualified tax-exempt obligations” as provided in Section 265(b)(3)(D) of the Code, since:

(a) the Refunded Bonds, when issued, were designated by the City as qualified tax-exempt obligations under Section 265(b) of the Code;

(b) the aggregate face amount of the issue of which the Bonds are a part does not exceed \$10,000,000;

(c) the weighted average maturity of the Refunding Bonds does not exceed the remaining weighted average maturity of the Refunded Bonds; and

(d) no Bond has a maturity date which is later than thirty (30) years after the date of issuance of the Refunded Bonds.

The City Council hereby designates the remaining \$570,000 in principal amount of Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, and hereby finds that the reasonably anticipated amount of tax-exempt obligations which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) and are not excluded from this calculation by Section 265(b)(3)(C)(ii) of the Code and which will be issued by the Issuer and all subordinate entities during calendar year 2012 does not exceed \$10,000,000.

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

thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

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

- (1) on or before twelve (12) months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2012, the following financial information and operating data in respect of the Issuer (the Disclosure Information):
 - (A) the audited financial statements of the Issuer for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Issuer, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the Issuer; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: “Valuations--Current Property Valuations”; “Debt--Direct Debt”; “Tax Levies and Collections” and “General Information—Employment / Unemployment Data” and “--U.S. Census Data--Population Trend.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the Issuer shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access System (EMMA) or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect, provided, however, that if such operations have been replaced by other Issuer operations in

respect of which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the Issuer shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a Material Fact):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the Issuer to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the Issuer under subsection (d)(2);
 - (C) the termination of the obligations of the Issuer under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the Issuer.

(c) Manner of Disclosure.

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

(d) Term; Amendments; Interpretation.

- (1) The covenants of the Issuer in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the Issuer under this section shall terminate and be without further effect as of any date on which the Issuer delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or

proceedings, the failure of the Issuer to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the Issuer from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the Issuer accompanied by an opinion of Bond Counsel, who may rely on certificates of the Issuer and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the Issuer or the type of operations conducted by the Issuer, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

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

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

SECTION 10. REDEMPTION; AUTHORIZATION OF PAYMENT.

10.1. Redemption of Refunded Bonds. The County Coordinator is hereby directed to instruct U.S. Bank National Association, in St. Paul, Minnesota, as paying agent for the Refunded Bonds, to call the Refunded Bonds for redemption and prepayment on the Redemption Date in the form attached hereto as Exhibit A, all in accordance with the provisions of the resolution authorizing the issuance of the Refunded Bonds.

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

Action #15 – It was moved by Les Nielsen, seconded by Kevin Troupe and carried unanimously to approve the following resolution:

Resolution #15 – 10/10/12

BE IT RESOLVED to close the meeting at 11:45 a.m. pursuant to Minnesota Statute §13D.03 to consider strategy for labor negotiations, including negotiation strategies or developments and discussion and review of labor negotiation proposals, conducted pursuant to sections §179A.01 to §179A.25.

Those present during the closed portion of the meeting included Commissioners Kevin Troupe, Gene Anderson, Les Nielsen, Kathi Ellis and Kim Smith. Also present were County Coordinator & Personnel Director Patrick Christopherson and Assistant County Attorney Barb McFadden.

Action #16 – It was moved by Kevin Troupe, seconded by Les Nielsen and carried unanimously to re-open the meeting at 12:05 p.m.

Action #17 – It was moved by Kathi Ellis, seconded by Kevin Troupe and carried unanimously to adjourn at 12:06 pm and to meet again in regular session on Wednesday, October 24, 2012 at 9:00am.

Signed _____

Chairperson of the Kanabec County Board of Commissioners,
Kanabec County, Minnesota

Attest: _____

Board Clerk