

or being called for redemption in whole or in part.

11. FURNISHING DOCUMENTS. The Authorized Officers and the Golden Valley County Auditor are authorized and directed to prepare and furnish to the purchaser of the Bond and to the attorneys approving the same, certified copies of all ordinances, resolutions, affidavits or other instruments relating to the establishment and construction of the Improvements and the operation and maintenance thereof, and the levy of special assessments and taxes therefor or the issuance of the Bond, which may be necessary or proper to show the validity of marketability of the Bond, and all instruments and transcripts so furnished, constitute representations of the City as to the correctness of the facts as stated or recited therein. The City agrees to furnish additional certifications of its officers as are necessary to establish the validity of the Bond, the absence of litigation materially affecting the issuance of the Bond and any other certifications or information reasonably necessary to insure marketability and compliance with the conditions of underwriting. Delivery of the Bond is subject to the approving opinion of bond counsel and customary closing certificates, including a certificate as to absence of material litigation and an arbitrage certificate.

12. AMENDMENT OF RESOLUTION. This Resolution may not be amended without the consent of the Bondholders.

13. CERTIFICATES. The Authorized Officers, in consultation with the counsel, are hereby authorized to deliver certificates which cure ambiguities, defects or omissions herein, correct, amend, or supplement any provision herein, all in furtherance of the financing contemplated by the Commitment Letter. Such authorization shall include adjustment of the amortization schedule and issuance of a revised bond in the event assessments are not certified for collection as provided for herein, or the preliminary amortization schedule is adjusted with the consent of BND.

14. ELECTRONIC SIGNATURES. The Council authorizes the Mayor and the City Auditor to execute documents relating to the issuance of the Bond using electronic signatures. The electronic signatures of the Mayor and the City Auditor shall be as valid as an original signature of such official and shall be effective to bind such official to any document relating to the issuance of the Bond. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means.

Dated: April 7, 2025.

CITY OF BEACH, NORTH DAKOTA

Attest:

Walter Losinski, Mayor
Kimberly Gaugler, City Auditor

The governing body of the City acted on the foregoing resolution at a properly noticed meeting held in Beach, North Dakota, on April 7, 2025, with the motion for adoption made by Marman and seconded by Ross, and the roll call vote on the motion was as follows:

"Aye": Marman, Swanson-Puckett, Ross, Stonehocker, Wolff, Zachmann
"Nay":
Absent:

RESOLUTION NO. 2025-11
\$2,819,000
CITY OF BEACH, NORTH DAKOTA
UTILITY IMPROVEMENT DISTRICT NO. 2024-05
IMPROVEMENT BOND, SERIES 2025
FINANCING RESOLUTION

BE IT RESOLVED by the City Council (the "Council") of the City of Beach, North Dakota (the "City"), as follows:

1. AUTHORITY. It is hereby found, determined, and declared that the City has heretofore duly created Utility Improvement District No. 2024-05 (the "Improvement District") and has ordered, received and approved an engineer's report, plans and specifications, and estimates of the cost, for the construction of the Improvements to the water system of the City consisting of, but not limited to, replacement of water mains and all other appurtenances, contrivances, and structures used for useful for a complete water supply system and related street replacement or rehabilitation and related improvements in the Improvement District (the "Project" or "Improvements"); that contracts for construction of the Improvements have been awarded; that the City possesses and has the power to exercise through this Council full and exclusive jurisdiction over all utilities, streets and places where the Improvements are located; that the total cost of the Improvements in excess of any other funds on hand and appropriated for the payment of such cost, including reimbursing other funds of the City for any amounts temporarily advanced to meet immediate expenses of the Improvements is estimated to be not less than \$2,819,000, which is expected to be financed by improvement warrants or bonds; that the total benefits to all lots, tracts and parcels of land liable to be specially assessed for benefits resulting from the Improvements in the Improvement District will be not less than the cost of the Improvements to be assessed against the properties as herein provided; and that all acts, conditions, and things required by the Constitution and laws of the State of North Dakota to be done, to exist, to happen and to be performed preliminary to the issuance and sale of the improvement bonds to provide moneys to pay the cost of the Improvements have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

2. AUTHORIZATION AND SALE OF THE BOND. Pursuant to the authority of Section 40 24 19 of the North Dakota Century Code ("N.D.C.C.") and in anticipation of the collection of special assessments, utility revenues and taxes, if any, and for the purpose of borrowing money to pay the cost of the Improvements, the City hereby authorizes and directs the issuance of its Improvement Bond, Series 2025 in the aggregate principal amount not to exceed Two Million Eight Hundred Nineteen Thousand Dollars (\$2,819,000) (the "Bond"). The principal of the Bond shall be advanced by the North Dakota Public Finance Authority (the "Authority") in installments as provided in the Loan Agreement entered into between the Authority and the City of even date with the Bond (the "Loan Agreement"). Principal payments of the Bond shall be made on September 1 of each year, commencing September 1, 2026 (or in no event later than September 1 following the date of Project completion), in an amount determined by the Authority to be sufficient to amortize the outstanding principal over the remaining term of the Bond, with a final maturity date of September 1, 2055, subject however to the final amortization schedule to be attached to the Bond upon the final loan advance in accordance with Section 2.02 of the Loan Agreement. The preliminary amortization schedule has been presented to the Council at this meeting and is hereby approved. Each loan advance shall be recorded on the grid on the reverse of the Bond.

The Bond shall be issued as a single bond in fully registered form, shall bear interest from the Date of Issue until paid at the rate of 1.50% per annum and shall mature on September 1, 2055, subject to redemption and prepayment as provided herein. The Bond shall be dated as of the first date on which the advances of principal exceed the lesser of \$50,000 or five percent (5%) of the maximum principal amount (the "Date of Issue").

Interest shall be payable on each March 1 and September 1 in each year commencing on the first such date following the first loan advance ("Interest Payment Date") and shall accrued on the amount of the Bond proceeds advanced by the Authority and outstanding from the date of such advance to the Interest Payment Date (calculated on the basis of a 360-day year consisting of twelve months of 30 days each). In addition, the City shall pay an Administrative Fee (as defined in the Loan Agreement) on each March 1 and September 1, commencing September 1, 2025, in an amount

equal to one half percent (0.50%) of the principal amount of the Bond outstanding.

The principal of and interest on the Bond shall be payable at the office of the Bank of North Dakota, Bismarck, North Dakota, and the City hereby agrees to pay the reasonable and customary charges of the paying agent for the receipt and disbursement of such principal and interest.

The City has received an offer to purchase the Bond from the Authority at a price of \$2,819,000 and upon the further terms and conditions hereinafter set forth and in the Loan Agreement. The City hereby accepts the offer of the Authority to purchase the Bond at a price equal to one hundred percent (100%) of the principal amount advanced, plus accrued interest. The Loan Agreement, in substantially the form presented to the City at this meeting, is hereby accepted and authorized to be executed on behalf of the City by its Mayor and City Auditor (the "Authorized Officers") with such modifications as may be approved by the Authorized Officers, such execution to be conclusive evidence of the approval of any modifications with respect to the Loan Agreement. The City shall provide audited financial statements as set out in Section 3.01(f) of the Loan Agreement.

3. FORM OF BOND. The Bond shall be printed in substantially the form on file with the City Auditor and shall contain a recital that it is issued pursuant to Section 40 24 19, N.D.C.C. The Bond shall be prepared for execution under the direction of the City Auditor and shall be executed on behalf of the City by the manual signatures of the Mayor and City Auditor. When executed, the Bond shall be delivered by the City Auditor to the Authority upon payment of the initial advance.

4. REDEMPTION. The Bond is subject to redemption at the option of the City on any date with the written consent of the Authority, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date. If redeemed in part, the Authority shall provide a revised principal payment schedule to amortize the Bond over the remaining term.

The principal of the Bond shall be subject to mandatory redemption on September 1 in the years and amounts set forth on the amortization schedule, subject to adjustment based on the actual principal amount advanced by the Authority.

Unless waived by the owner of the Bond, official notice of any such redemption shall be given by the City Auditor on behalf of the City by mailing a copy of any official redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bond to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

Official notice of redemption having been given as aforesaid, the Bond or portion of the Bond so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portions of the Bond shall cease to bear interest. Installments of interest due on or prior to the redemption date shall be payable as provided herein for payment of interest.

5. UTILITY IMPROVEMENT DISTRICT NO. 2024-05 FUND. There is hereby created a special fund of the City for the Improvement District, designated as Utility Improvement District No. 2024-05 Fund (the "Fund"). The Fund shall be held and administered by the City Auditor separate and apart from all other funds of the City and shall be continued and maintained as herein directed until the Bond shall have been fully paid with interest. In the Fund there shall be maintained two (2) separate accounts to be designated as the "Construction Account" and "Principal and Interest Account," respectively.

There shall be credited to the Construction Account advances of the principal of the Bond. Costs and expenses of making the Improvements, including interest coming due during construction, costs of issuance and payment of any temporary bonds, shall be paid from time to time as incurred and allowed from the Construction Account and moneys in the Construction Account shall be used for no other purpose, provided, that if upon completion of the Improvements and approval thereof by the Engineer for the City, and payment of all claims and expenses in respect to the Improvements, there shall remain any unexpended balance in the Construction Account, such balance shall be transferred to the Principal and Interest Account and handled and accounted for in the same manner as other moneys in that account.

There shall be credited to the Principal and Interest Account in the Fund (i) the revenues from the City's utilities to the extent appropriated by the Council, (ii) the entire amount of special assessments collected from the Improvement District, (iii) any taxes levied with respect to the Improvements to pay any deficiency, and (iv) any balance remaining in the Construction Account after completion of the Improvements. Moneys in the Principal and Interest Account shall be used only for payment of the principal of and interest on the Bond and the Administrative Fee as such payments become due. The moneys and investments in the Principal and Interest Account are irrevocably pledged and appropriated to and shall be used to the extent required for the payment of principal of and interest on the Bond when and as the same shall become due and payable for that purpose only.

6. RESERVE ACCOUNT. A separate reserve account will not be established within the Fund.

7. LEVY OF SPECIAL ASSESSMENTS. With respect to the Improvement District, the City covenants and agrees with the holders of the Bond drawn on the Fund of the Improvement District that it will perform, in accordance with law, all acts and things necessary for the final and valid levy of special assessments against properties within the Improvement District benefited by the Improvements, in an aggregate amount not less than the cost of the Improvements to be paid from the Bond. The City will cause the installments of special assessments as finally confirmed by the City to be annually certified to the Golden Valley County Auditor for collection with the general taxes chargeable against the property in the Improvement District, except to the extent that payment is provided for by dedication of a portion of the revenues or service charges, if any, available to the City pursuant Section 40 22 16, N.D.C.C. and except an amount not exceeding one-fifth (1/5) of the cost of the Improvements and not exceeding any applicable constitutional or statutory debt limit, as the City may determine to pay by the levy of ad valorem taxes upon all taxable property within its corporate limits. The City will continue to cause annual certification of balances of special assessments unpaid for the Improvement District to be certified for repayment over a period of years, pursuant and subject to Section 40 24 11, N.D.C.C. The City will forgive, rebate, or otherwise reduce special assessments to the amount necessary to match total Project costs, and any loan forgiveness. Special assessments will be first certified for collection as follows, and shall be certified and collected annually thereafter:

Improvement District	Repayment Period (Years)	Year of First Levy	Year of First Collection
Utility Improvement District No. 2024-05	30	2025	2026

Installments of the special assessments from time to time remaining unpaid shall bear interest at an annual rate not exceeding one and one-half percentage points (1½%) above the average net annual interest rate on the Bond. Prior to November 1 of each year the City shall determine the amount of utility revenues, if any, or any other sources, to be appropriated to the Principal and Interest Account to pay the principal and interest on the Bond coming due

in the following year. The City shall direct the Golden Valley County Auditor to reduce, by a proportionate amount, the total amount of special assessments that would otherwise be placed on the tax lists of the City to the extent utility revenues or other sources are appropriated to pay the Bond. In the event that the assessment should at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the City or by the Council or by any City officers or employees, whether in the making of the assessment or in the performance of any condition precedent thereto, the City and this Council covenant and agree that they will forthwith do all such further acts and take all further proceedings as may be required by law to make such assessment a valid and binding lien upon such lot or tract.

8. GENERAL OBLIGATION OF THE CITY. With respect to the Fund, the City hereby recognizes its obligation with respect to the Bond drawn against the Fund, as set forth in Section 40 26 08, N.D.C.C., that whenever all revenues, special assessments and taxes, if any, collected for the Improvements are insufficient to pay principal of or interest then due on the Bond, the Council shall thereupon levy a tax upon all taxable property in the City for the payment of such deficiency; provided, that if the Bond has been exchanged for refunding improvement bonds pursuant to the provisions of Chapter 40 27, N.D.C.C., such deficiency tax may be made payable in the years and amounts required to pay the principal of and interest on the refunding improvement bonds as the same become due. Nothing herein contained shall be deemed to limit the power of the City and this Council under the provisions of the Section 40 26 08, as amended, to levy a general tax in anticipation of a deficiency considered likely to occur in the Fund within one year, and it is hereby declared to be the policy of the City that the Council will annually review the current requirements and resources of the Fund, at the time of the preparation of and hearing on the municipal budget, in accordance with the provisions of Chapter 40 40, N.D.C.C., to the end that provision may be made in each annual budget for any deficiency in the Fund which is deemed likely to occur within one year. Such taxes levied in accordance with the provisions of this paragraph in payment of a deficiency, or in anticipation of a deficiency, shall be paid upon collection into the Principal and Interest Account of the Fund and applied as provided in paragraph 5 hereof.

9. REFUNDING BONDS. With respect to the Fund, the City reserves the right and privilege of refunding any installments of principal of the Bond which are past due, or the redemption or exchange of which the holder thereof shall have consented, and for the payment of which moneys are not at the time available in the Fund, by issuing refunding bonds pursuant to the provisions of Section 40 27 06, N.D.C.C. Such refunding bond shall be payable from the Fund on a parity with the Bond theretofore issued which remain outstanding. With respect to the Fund, the City also reserves the right to issue additional improvement bonds for the payment of the cost of the Improvements in the Improvement District if the actual cost of the Improvements should be greater than has been estimated, such additional bonds to be payable from the Fund on a parity with the Bond.

10. AUTHENTICATION, REGISTRATION AND TRANSFER.

(a) Books for the registration and for the transfer of the Bond as provided in this Resolution shall be kept by the Bank of North Dakota, Bismarck, North Dakota which is hereby appointed the Bond Registrar of the City for the Bond (the "Bond Registrar"). A successor registrar may be appointed for the Bond by ordinance or resolution of the City. The Bond Registrar shall provide notice to the Authority or any successor bondholder of any change in the registrar no later than the Interest Payment Date following the change.

(b) The ownership of the Bond shall be entered and tracked in the records maintained by the Bond Registrar (the "Bond Register"), and the Bond Registrar may treat the person listed as owner in the Bond Register as the owner of the Bond for all purposes.

(c) If principal and interest payments are made by check, the Bond Registrar shall mail each payment on the respective payment date to the name and address of the bondholder, as that name and address appears in the Bond Register as of the fifteenth (15th) day of the month preceding a Bond Interest Payment Date (the "Record Date"). If principal and interest payments are made by wire transfer, the Bond Registrar shall wire each payment on or before the payment due date in accordance with the instructions from the bondholder.

(d) Upon surrender for transfer of the Bond at the principal office of the Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount.

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

(f) Each Bond delivered under this Resolution upon transfer or exchange for, or in lieu of, any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond, and each such Bond shall be so dated that neither gain nor loss in interest shall result from such transfer, exchange, or substitution. Each Bond shall be dated by the Bond Registrar as of the last Interest Payment Date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an Interest Payment Date to which interest has been paid or made available for payment, in which case such Bond shall be dated as of the date of authentication, or (ii) the date of authentication of a Bond is prior to the first Interest Payment Date, in which such Bond shall be dated as of the Date of Issue.

(g) The Bond is issuable as a single fully registered Bond payable through annual installments of principal on September 1 in the years and in the amounts determined by the Authority. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded by the Bond Registrar and the City as the absolute owner thereof for all purposes. Payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative and neither the City nor the Bond Registrar shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sums paid.

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

(i) If any Bond is mutilated, lost, stolen, or destroyed, the City shall execute and the Bond Registrar shall authenticate a new Bond of the same interest rate, maturity date, and principal amount, as that mutilated, lost, stolen, or destroyed; provided that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered.

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