

**CITY OF COON RAPIDS, IOWA**  
**MUNICIPAL UTILITY BOARD OF TRUSTEES**

JANUARY 26, 2017

The Board of Trustees of Coon Rapids Municipal Utilities met at 7:00 A.M., January 26, 2017 as per posted notice and rules of the Board at the Conference Room – “NOC” Network Operations Center, Coon Rapids, Iowa. Trustees present were Terry Garnes, Doris Bass, Mary Schwaller and Harry Siegler. Absent: Ron Brower.

Motion by Siegler, Second by Bass with all voting “Aye” to approve the agenda.

Motion by Schwaller, Second by Garnes with all voting “Aye” to approve the consent items: 12/15/16 & 12/28/16 Board Minutes, Abstract of Claims #2017-1 in the amount of \$466,475.<sup>49</sup>, Financials.

General Manager’s Report: NIMECA Update, SPP, Basin, Etc. - RVEC Electric Service Territory - Cable TV Programming - Network File Server - Statewide Health Insurance Program - Notices/Statistics.

2017 FTTH Project

Materials Update: The General Manager updated the Board on the status of the FTTH materials contract and expected ship dates from Graybar as well as redundant demarcation equipment.

Construction Update: The General Manager reported that the contract with North Central Service (NCS) has been signed and CRMU is waiting on the performance bond. The General Manager reported that a preconstruction meeting has been scheduled for March 8.

Electronics Update: The General Manager updated the Board on the technical sessions conducted with AdTran and Goldfield/Calix on January 9. The General Manager explained how the bidding documents will request equipment pricing for the implementation of both a GPON (2.488 Gbps/1.244 Gbps) and XGS-PON (10 Gbps/10 Gbps) system. The General Manager also updated the Board on how the industry is moving away from RF Video in-lieu of IP Video delivery as evidenced by the fact that the vendors no longer support RF video in their XGS-PON or NG-PON2 architectures.

Motion by Garnes, Second by Siegler approving Resolution #2017-1 “RESOLUTION ORDERING CONSTRUCTION OF THE 2017 FTTH PROJECT - ELECTRONICS, AND FIXING A DATE FOR HEARING THEREON AND TAKING OF BIDS THEREFOR.” Brower-Absent, Garnes “Aye,” Bass “Aye,” Siegler “Aye” Schwaller “Aye.” Whereupon, the Chairperson declared the following Resolution duly adopted:

RESOLUTION ORDERING CONSTRUCTION OF THE 2017 FTTH PROJECT - ELECTRONICS,  
AND FIXING A DATE FOR HEARING THEREON AND TAKING OF BIDS THEREFOR

WHEREAS, it is deemed advisable and necessary to construct certain public improvements described in general as the 2017 FTTH Project - Electronics; and

WHEREAS, the Coon Rapids Municipal Utilities has caused to be prepared plans, specifications and form of contract, together with estimate of cost, which are now on file in the office of the Secretary of the Board of Trustees for public inspection, for the construction of the public improvements; and

WHEREAS, the plans, specifications and form of contract are deemed suitable for the making of the public improvements; and

WHEREAS, before the plans, specifications, form of contract and estimate of cost may be adopted, and contract for the construction of the public improvements is entered into, it is necessary, pursuant to Chapter 26 of the Code of Iowa, to hold a public hearing and to advertise for bids:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE COON RAPIDS MUNICIPAL UTILITIES, COON RAPIDS, IOWA:

Section 1. That it is hereby determined that it is necessary and advisable to construct certain public improvements described in general as the 2017 FTTH Project - Electronics, in the manner set forth in the plans and specifications and form of contract, above referred to, the cost thereof to be paid in accordance with the provisions as set out in the posted Notice to Bidders and published Notice of Hearing; the public improvements being more generally described as follows:

2017 FTTH Project - Electronics

This project is for the acquisition of materials for the installation of a new fiber-to-the-home (FTTH) system in Coon Rapids, Iowa. The FTTH project will place fiber optic cable from the CRMU Network Operations Center, located at 123rd Avenue S, Coon Rapids, Iowa, to the existing and potential electric subscribers in Coon Rapids. Individual fibers will be provided for each subscriber to provide

connectivity for the delivery and receipt of communication services for electric utility purposes. There will be a new fiber frame in the Network Operations Center and fiber construction to the side of each location in Coon Rapids. Placement of electronic's housing and wiring at each existing or potential new subscriber's locations.

Section 2. That the amount of the bid security to accompany each bid shall be in an amount which shall conform to the provisions of the notice to bidders approved as a part of the specifications.

Section 3. That the Secretary of the Board of Trustees be and is hereby directed to post a notice to bidders once in each of the following: (i) a relevant contractor plan room service with statewide circulation; (ii) a relevant construction lead generating service with statewide circulation; and (iii) on an internet site sponsored by either the Utility or a statewide association that represents the City. Posting shall be not less than thirteen clear days nor more than forty-five days prior to March 8, 2017, which is hereby fixed as the date for receiving bids. The bids are to be filed prior to 10:00 A.M., on such date.

Section 4. That the Board of Trustees hereby delegates to the Utility Manager of the Coon Rapids Municipal Utilities the duty of receiving, opening and tabulating bids for construction of the Project. Bids shall be received and opened as provided in the public notice and the results of the bids shall be considered at the meeting of this Board on March 16, 2017 at 7:00 o'clock A.M.

Section 5. That the Secretary of the Board of Trustees be and is hereby directed to publish notice of hearing once in a legal newspaper, printed wholly in the English language, published at least once weekly and having general circulation in this City. The publication shall be not less than four clear days nor more than twenty days prior to the date hereinafter fixed as the date for a public hearing on the plans, specifications, form of contract and estimate of costs for the project, the hearing to be at 7:00 o'clock A.M. on February 23, 2017.

Section 6. That the Secretary of the Board of Trustees shall cause the notices described in Section 3 and Section 5 hereof to be posted and published in a combined Notice to bidders and Notice of hearing, the posting and publication to be within the posting and publication timeline for each notice outlined above.

Section 7. That the Notice to Bidders and Notice of Public Hearing shall be substantially in the form attached hereto.

PASSED AND APPROVED, this 26th day of January, 2017.

Financing Update: The General Manager reported that the closing date for the \$2.4MM capital loan notes with Iowa Savings Bank is scheduled for Feb. 9.

Motion by Bass, Second by Schwaller to approve Resolution #2017-2 "RESOLUTION DIRECTING THE ACCEPTANCE OF A PROPOSAL OF IOWA SAVINGS BANK, COON RAPIDS, IOWA, TO PURCHASE \$2,400,000 ELECTRIC REVENUE CAPITAL LOAN NOTES, SERIES 2017." Brower-Absent, Ganes "Aye," Bass "Aye," Siegler "Aye" Schwaller "Aye." Whereupon, the Chairperson declared the following Resolution duly adopted:

"RESOLUTION DIRECTING THE ACCEPTANCE OF A PROPOSAL OF IOWA SAVINGS BANK,  
COON RAPIDS, IOWA, TO PURCHASE \$2,400,000 ELECTRIC REVENUE CAPITAL LOAN NOTES, SERIES 2017"

WHEREAS, The Board of Trustees of the Municipal Electric Utility, Coon Rapids, Iowa, sometimes hereinafter referred to as the Issuer, is a municipal corporation duly incorporated, organized and existing under and by virtue of the Constitution and laws of the State of Iowa; and

WHEREAS, it is deemed necessary that the Issuer should enter into a Loan Agreement and borrow the amount of \$2,400,000 as authorized by Sections 384.24A and 384.83, Code of Iowa, as amended; and

WHEREAS, proposals have been requested and received from area banks; and

WHEREAS, the proposal received from Iowa Savings Bank is deemed to be the most favorable and it is the intention of this Board to enter into a Loan Agreement in accordance with said proposal.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MUNICIPAL ELECTRIC UTILITY, CITY OF COON RAPIDS, IOWA:

Section 1. That this Board of Trustees does hereby accept the proposal of Iowa Savings Bank, Coon Rapids, Iowa, and takes additional action to permit the entering into of a Loan Agreement.

Section 2. The Chairperson and Secretary are authorized and directed to proceed on behalf of the Issuer to enter into such Loan Agreement, to negotiate the final terms of a Loan Agreement, to take all action necessary to permit the entering into of a Loan Agreement on a basis favorable to the Issuer and acceptable to the Purchaser, and to proceed to meet the conditions of this accepted proposal.

PASSED AND APPROVED, this 26th day of January, 2017.

Motion by Siegler, Second by Garnes that the form of Tax Exemption Certificate be placed on file and approved. Brower-Absent, Garnes "Aye," Bass "Aye," Siegler "Aye" Schwaller "Aye."

Motion by Games, Second by Schwaller to approve Resolution #2017-3 "A RESOLUTION APPROVING AND AUTHORIZING A FORM OF LOAN AGREEMENT AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$2,400,000 ELECTRIC REVENUE CAPITAL LOAN NOTES, SERIES 2017, OF THE CITY OF COON RAPIDS, IOWA, UNDER THE PROVISIONS OF THE CITY CODE OF IOWA, AND PROVIDING FOR A METHOD OF PAYMENT OF THE NOTES." Brower-Absent, Garnes "Aye," Bass "Aye," Siegler "Aye" Schwaller "Aye." Whereupon, the Chairperson declared the following Resolution duly adopted:

"A RESOLUTION APPROVING AND AUTHORIZING A FORM OF LOAN AGREEMENT AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$2,400,000 ELECTRIC REVENUE CAPITAL LOAN NOTES, SERIES 2017, OF THE CITY OF COON RAPIDS, IOWA, UNDER THE PROVISIONS OF THE CITY CODE OF IOWA, AND PROVIDING FOR A METHOD OF PAYMENT OF THE NOTES"

WHEREAS, The Board of Trustees of the Municipal Electric Utility, City of Coon Rapids, Iowa, sometimes hereinafter referred to as the "Issuer", has heretofore established charges, rates and rentals for services which are and will continue to be collected as system revenues of the Municipal Electric Utility, sometimes hereinafter referred to as the "System", and the revenues have not been pledged and are available for the payment of Electric Revenue Capital Loan Notes, Series 2017, subject to the following premises; and

WHEREAS, Issuer proposes to issue its Electric Revenue Capital Loan Notes, Series 2017, to the extent of \$2,400,000, for the purpose of defraying the costs of the project as set forth in Section 3 of this Resolution; and, it is deemed necessary and advisable and in the best interests of the City that a form of Loan Agreement be approved and authorized; and

WHEREAS, the notice of intention of Issuer to take action for the issuance of not to exceed \$2,750,000 Electric Revenue Capital Loan Notes, has heretofore been duly published and no objections to such proposed action have been filed:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MUNICIPAL ELECTRIC UTILITY, CITY OF COON RAPIDS, IN THE COUNTY OF CARROLL, STATE OF IOWA:

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- "Additional Obligations" shall mean any electric revenue notes or bonds issued on a parity with the Notes in accordance with the provisions of this Resolution.

- "Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Governing Body or by law as the official accounting period of the System. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year.

- "Governing Body" shall mean the Board of Trustees of the Municipal Electric Utility of the City, or its successor in function with respect to the operation and control of the System.

- "Independent Auditor" shall mean an independent firm of Certified Public Accountants or the Auditor of State.

- "Issuer" and "City" shall mean the City of Coon Rapids, by and through its Board of Trustees of the Municipal Electric Utility, State of Iowa.

- "Loan Agreement" shall mean a Loan Agreement between the Issuer and a lender or lenders in substantially the form attached to and approved by this Resolution.

- "Net Revenues" shall mean gross earnings of the System after deduction of current expenses; "Current Expenses" shall mean and include the reasonable and necessary cost of operating, maintaining, repairing and insuring the System, including purchases at wholesale, if any, salaries, wages, and costs of materials and supplies but excluding depreciation and principal of and interest on the Notes and any Parity Obligations or payments to the various funds established herein; capital costs, depreciation and interest or principal payments are not System expenses.

- "Notes" shall mean \$2,400,000 Electric Revenue Capital Loan Notes, Series 2017, authorized to be issued by this Resolution.

- "Original Purchaser" shall mean the purchaser of the Notes from Issuer at the time of their original issuance.
- "Parity Obligations" shall mean electric revenue notes, bonds or other obligations payable solely from the Net Revenues of the System on an equal basis with the Notes herein authorized to be issued, and shall include Additional Obligations as authorized to be issued under the terms of this Resolution.
- "Paying Agent" shall mean the Secretary of the Board of Trustees of the Municipal Electric Utility, Coon Rapids, Iowa, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Notes as the same shall become due.
- "Permitted Investments" shall mean:
  - direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;
  - obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:
    - Export - Import Bank
    - Farm Credit System Financial Assistance Corporation
    - USDA Rural Development
    - General Services Administration
    - U.S. Maritime Administration
    - Small Business Administration
    - Government National Mortgage Association (GNMA)
    - U.S. Department of Housing & Urban Development (FHA's)
    - Federal Housing Administration
  - repurchase agreements whose underlying collateral consists of the investments set out above if the Issuer takes delivery of the collateral either directly or through an authorized custodian. Repurchase agreements do not include reverse repurchase agreements;
  - senior debt obligations rated "AAA" by Standard & Poor's Corporation (S&P) or "Aaa" by Moody's Investors Service Inc. (Moody's) issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;
  - U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P or "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
  - commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P or "P-1" by Moody's and which matures not more than 270 days after the date of purchase;
  - investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, or "AAA" or "AA" by Moody's Investors Services, Inc.;
  - pre-refunded municipal obligations, defined as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto; or (b)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the Department of the Treasury of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
  - tax exempt bonds as defined and permitted by section 148 of the Internal Revenue Code and applicable regulations and only if rated within the two highest classifications as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A Code of Iowa;

- an investment contract rated within the two highest classifications as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A Code of Iowa; and
- Iowa Public Agency Investment Trust.
- "Project Fund" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Notes.
- "Purchase Agreement" shall mean a Purchase Agreement between the Issuer and a lender or lenders in substantially the form attached to and approved by this Resolution.
- "Registrar" shall mean the Secretary of the Board of Trustees of the Municipal Electric Utility, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Notes. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Notes.
- "Resolution" shall mean this resolution authorizing the issuance of the Notes.
- "Secretary" shall mean the Secretary of the Board of Trustees of the Municipal Electrical Utility, or such other officer of the successor Governing Body as shall be charged with substantially the same duties and responsibilities.
- "System" shall mean the Municipal Electric Utility of the Issuer and all properties of every nature hereinafter owned by the Issuer comprising part of or used as a part of the System, including all improvements and extensions made by Issuer while any of the Notes or Parity Obligations remain outstanding; all real and personal property; and all appurtenances, contracts, leases, franchises and other intangibles.
- "Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Treasurer and delivered at the time of issuance and delivery of the Notes.
- "Treasurer" shall mean the Director of Finance & Accounting or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Notes issued hereunder.
- "Yield Restricted" shall mean required to be invested at a yield that is not materially higher than the yield on the Notes under section 148 (a) of the Internal Revenue Code or regulations issued thereunder.

Section 2. Authority. The Loan Agreement and the Notes authorized by this Resolution shall be issued pursuant to Sections 384.24A and 384.83, of the City Code of Iowa, and in compliance with all applicable provisions of the Constitution and laws of the State of Iowa. The Loan Agreement and Purchase Agreement shall be substantially in the forms attached to this Resolution and are authorized to be executed and issued on behalf of the Issuer by the Chairperson and attested by the Secretary of the Board of Trustees.

Section 3. Authorization and Purpose. There are hereby authorized to be issued, negotiable, serial, fully registered Electric Revenue Capital Loan Notes of the City of Coon Rapids, in the County of Carroll, State of Iowa, in the aggregate amount of \$2,400,000, for the purpose of paying costs of improvements and extensions to the Municipal Electric Utility, including construction of a fiber-to-the-home fiber optic cable system and a new fiber frame in the Network Operations Center to serve the Municipal Electric Utility.

Section 4. Source of Payment. The Notes herein authorized and Parity Obligations and the interest thereon shall be payable solely and only out of the net earnings of the System and shall be a first lien on the future Net Revenues of the System. The Notes shall not be general obligations of the Issuer nor shall they be payable in any manner by taxation and the Issuer shall be in no manner liable by reason of the failure of the net revenues to be sufficient for the payment of the Notes.

Section 5. Note Details. Electric Revenue Capital Loan Notes, Series 2017, of the City in the amount of \$2,400,000, shall be issued to evidence the obligations of the Issuer under the Loan Agreement pursuant to the provisions of Sections 384.24A and 384.83 of the City Code of Iowa for the aforesaid purpose. The Notes shall be designated "\$2,400,000 ELECTRIC REVENUE CAPITAL LOAN NOTES, SERIES 2017", be dated February 9, 2017, and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, such interest payable on December 1, 2017, and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The Notes shall be executed by the manual or facsimile signature of the Chairperson and attested by the manual or facsimile signature of the Secretary of the Board of Trustees, and impressed or printed with the seal of the City and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any, shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. The Notes shall be in the denomination of \$100,000 or integral multiples of \$1,000 in excess thereof. The Notes shall mature and bear interest as follows:

Principal Amount	Interest Rate	Maturity June 1st
\$120,000	1.375%	2018
\$135,000	1.625%	2019
\$140,000	1.750%	2020
\$140,000	2.000%	2021
\$145,000	2.125%	2022
\$150,000	2.375%	2023
\$155,000	2.500%	2024
\$160,000	2.625%	2025
\$160,000	2.750%	2026
\$165,000	2.750%	2027
\$175,000	2.875%	2028
\$180,000	3.000%	2029
\$185,000	3.125%	2030
\$190,000	3.125%	2031
\$200,000	3.250%	2032

Section 6. Redemption. The Notes may be called for redemption by the Issuer and paid before maturity on any date, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Thirty days' notice of redemption shall be given to the registered owner of the Note. Failure to give such notice by mail to any registered owner of the Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Notes. All Notes or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

If selection by lot within a maturity is required, the Registrar shall designate the Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Notes to be called has been reached.

Section 7. Registration of Notes; Appointment of Registrar; Transfer; Ownership; Delivery; and Cancellation.

(a) Registration. The ownership of Notes may be transferred only by the making of an entry upon the books kept for the registration and transfer of ownership of the Notes, and in no other way. The Secretary of the Board of Trustees of the Municipal Electric Utility is hereby appointed as Note Registrar under the terms of this Resolution. Registrar shall maintain the books of the Issuer for the registration of ownership of the Notes for the payment of principal of and interest on the Notes as provided in this Resolution. All Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code subject to the provisions for registration and transfer contained in the Notes and in this Resolution.

(b) Transfer. The ownership of any Note may be transferred only upon the Registration Books kept for the registration and transfer of Notes and only upon surrender thereof at the office of the Registrar together with an assignment duly executed by the holder or his duly authorized attorney in fact in such form as shall be satisfactory to the Registrar, along with the address and social security number or federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Note (other than a registered owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Registration Books the information pertaining to the registered owner required above. Upon the transfer of any such Note, a new fully registered Note, of any denomination or denominations permitted by this Resolution in aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Note, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

(c) Registration of Transferred Notes. In all cases of the transfer of the Notes, the Registrar shall register, at the earliest practicable time, on the Registration Books, the Notes, in accordance with the provisions of this Resolution.

(d) Ownership. As to any Note, the person in whose name the ownership of the same shall be registered on the Registration Books of the Registrar shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Notes and the premium, if any, and interest thereon shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note, including the interest thereon, to the extent of the sum or sums so paid.

(e) Cancellation. All Notes which have been redeemed shall not be reissued but shall be cancelled by the Registrar. All Notes which are cancelled by the Registrar shall be destroyed and a Certificate of the destruction thereof shall be furnished promptly to the Issuer; provided that if the Issuer shall so direct, the Registrar shall forward the cancelled Notes to the Issuer.

(f) Non-Presentation of Notes. In the event any payment check representing payment of principal of or interest on the Notes is returned to the Paying Agent or if any Note is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such principal of or interest on Notes shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for such interest or payment of such Notes shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the owner of such Notes who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, such interest or Notes. The Paying Agent's obligation to hold such funds shall continue for a period equal to two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time the Paying Agent, shall surrender any remaining funds so held to the Issuer, whereupon any claim under this Resolution by the Owners of such interest or Notes of whatever nature shall be made upon the Issuer.

(g) Registration and Transfer Fees. The Registrar may furnish to each owner, at the Issuer's expense, one note for each annual maturity. The Registrar shall furnish additional Notes in lesser denominations (but not less than the minimum denomination) to an owner who so requests.

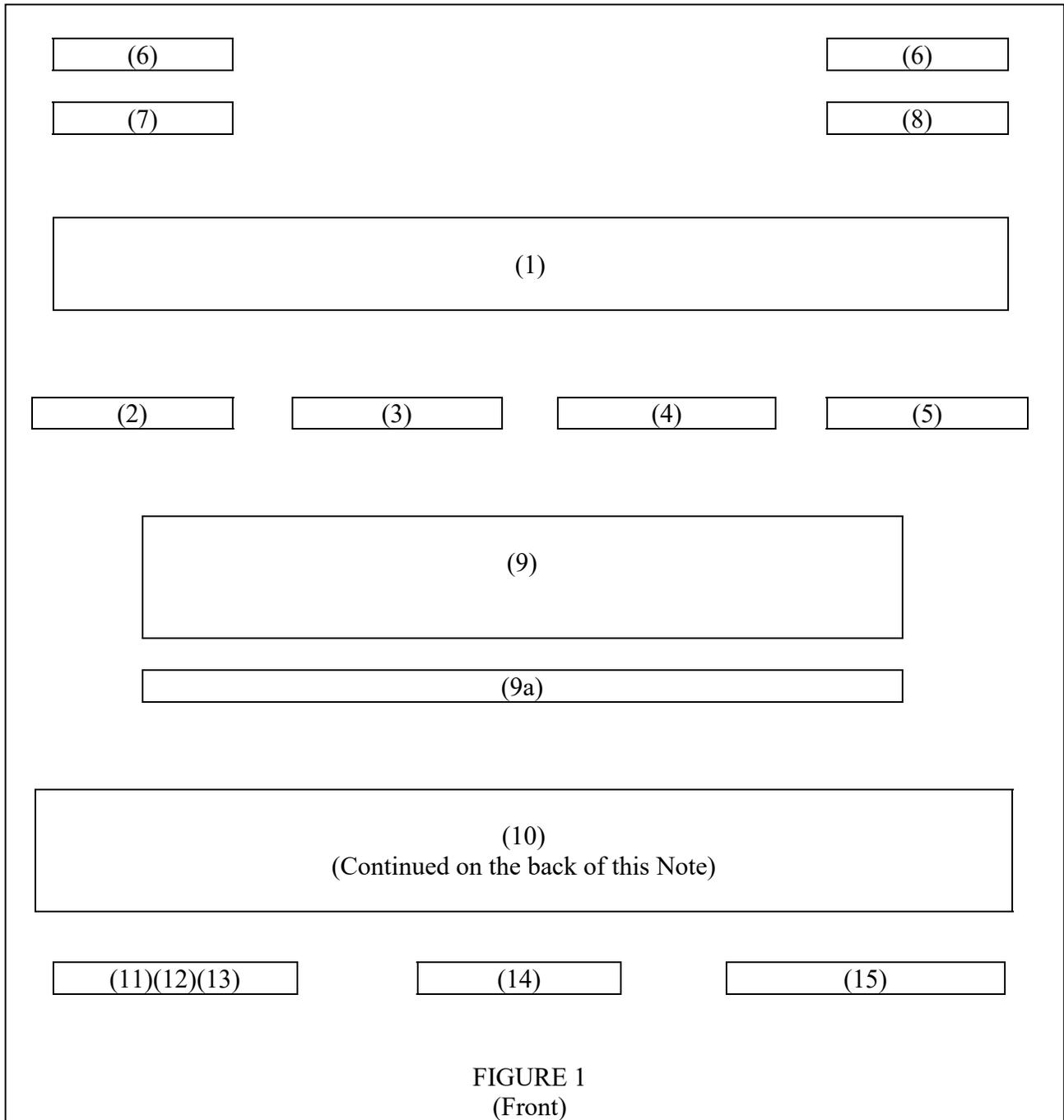
Section 8. Reissuance of Mutilated, Destroyed, Stolen or Lost Notes. In case any outstanding Note shall become mutilated or be destroyed, stolen or lost, the Issuer shall at the request of Registrar authenticate and deliver a new Note of like tenor and amount as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note to Registrar, upon surrender of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and Issuer that such Note has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and Issuer with satisfactory indemnity and complying with such other reasonable regulations as the Issuer or its agent may prescribe and paying such expenses as the Issuer may incur in connection therewith.

Section 9. Record Date. Payments of principal and interest, otherwise than upon full redemption, made in respect of any Notes, shall be made to the registered holder thereof or to their designated Agent as the same appear on the books of the Registrar on the 15th day of the month preceding the payment date. All such payments shall fully discharge the obligations of the Issuer in respect of such Notes to the extent of the payments so made. Payment of principal shall only be made upon surrender of the Notes to the Paying Agent.

Section 10. Execution, Authentication and Delivery of the Notes. Upon the adoption of this Resolution, the Chairperson and Secretary shall execute and deliver the Notes to the Registrar, who shall authenticate the Notes and deliver the same to or upon order of the Original Purchaser. No Note shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Registrar shall duly endorse and execute on such Note a Certificate of Authentication substantially in the form of the Certificate herein set forth. Such Certificate upon any Note executed on behalf of the Issuer shall be conclusive evidence that the Note so authenticated has been duly issued under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

Section 11. Right to Name Substitute Paying Agent or Registrar. Issuer reserves the right to name a substitute, successor Registrar or Paying Agent upon giving prompt written notice to each registered Noteholder.

Section 12. Form of Note. Notes shall be printed in substantial compliance with standards proposed by the American Standards Institute substantially in the form as follows:



<p>(10) (Continued)</p>		<p>(16)</p>
-----------------------------	--	-------------

FIGURE 2  
(Back)

The text of the Notes to be located thereon at the item numbers shown shall be as follows:

Item 1, figure 1= "STATE OF IOWA"  
"COUNTY OF CARROLL"  
"CITY OF COON RAPIDS"  
"ELECTRIC REVENUE CAPITAL LOAN NOTE"  
"SERIES 2017"

Item 2, figure 1 = Rate: \_\_\_\_\_  
Item 3, figure 1 = Maturity: \_\_\_\_\_  
Item 4, figure 1 = Note Date: February 9, 2017  
Item 5, figure 1 = CUSIP No.: N/A  
Item 6, figure 1 = "Registered"  
Item 7, figure 1 = Note No. \_\_\_\_\_  
Item 8, figure 1 = Principal Amount: \$ \_\_\_\_\_

Item 9, figure 1= The City of Coon Rapids, State of Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to

Item 9A, figure 1 = (Registration panel to be completed by Registrar or Printer with name of Registered Owner).

Item 10, figure 1 = or registered assigns, the principal sum of \_\_\_\_\_ THOUSAND DOLLARS in lawful money of the United States of America, on the maturity date shown above, only upon presentation and surrender hereof at the office of the Secretary of the Board of Trustees of the Municipal Electric Utility, Paying Agent of this issue, or its successor, with interest on such sum from the date hereof until paid at the rate per annum specified above, payable on December 1, 2017, and semiannually thereafter on the 1st day of June and December in each year.

Interest and principal shall be paid to the registered holder of the Note as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Note is issued pursuant to the provisions of Sections 384.24A and 384.83 of the City Code of Iowa, for the purpose of paying costs of improvements and extensions to the Municipal Electric Utility, including construction of a fiber-to-the-home fiber optic cable system and a new fiber frame in the Network Operations Center to serve the Municipal Electric Utility, and in order to evidence the obligations of the Issuer under a certain Loan Agreement dated February 9, 2017, in conformity to a Resolution of the Board of Trustees of the Municipal Electric Utility duly passed and approved. For a complete statement of the revenues and funds from which and the conditions under which this Note is payable, a statement of the conditions under which additional Notes or Bonds of equal standing may be issued, and the general covenants and provisions pursuant to which this Note is issued, reference is made to the above described Loan Agreement and Resolution.

The Notes may be called for redemption by the Issuer and paid before maturity on any date, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Thirty days' notice of redemption shall be given to the registered owner of the Note. Failure to give such notice by mail to any registered owner of the Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Notes. All Notes or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

If selection by lot within a maturity is required, the Registrar shall designate the Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Notes to be called has been reached.

Ownership of this Note may be transferred only by transfer upon the books kept for such purpose by the Secretary of the Board of Trustees of the Municipal Electric Utility, the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Note at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of such change. All Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code and subject to the provisions for registration and transfer contained in the Note Resolution.

This Note and the series of which it forms a part and any Additional Obligations which may be hereafter issued and outstanding from time to time on a parity with the Notes, as provided in the Note Resolution and Loan Agreement of which notice is hereby given and

which are hereby made a part hereof, are payable from and secured by a pledge of the Net Revenues of the Municipal Electric Utility (the "System"), as defined and provided in the Resolution. There has heretofore been established and the City covenants and agrees that it will maintain just and equitable rates or charges for the use of and service rendered by the System in each year for the payment of the proper and reasonable expenses of operation and maintenance of the System and for the establishment of a sufficient sinking fund to meet the principal of and interest on this series of Notes, and other Obligations ranking on a parity therewith, as the same become due. This Note is not payable in any manner by taxation and under no circumstances shall the City be in any manner liable by reason of the failure of the Net Revenues to be sufficient for the payment hereof.

This Note is a "qualified tax-exempt obligation" designated by the City for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, the City by its Board of Trustees of the Municipal Electric Utility, City of Coon Rapids, Iowa has caused this Note to be signed by the manual or facsimile signature of its Chairperson and attested by the manual or facsimile signature of its Secretary, with the seal of the Board printed or impressed hereon, and authenticated by the manual signature of an authorized representative of the Registrar, the Secretary of the Board of Trustees of the Municipal Electric Utility.

Item 11, figure 1 = Date of Authentication:  
Item 12, figure 1 = This is one of the Notes described in the within mentioned Resolution, as registered by the Secretary of the Board of Trustees of the Municipal Electric Utility

Secretary of the Board of Trustees of the Municipal Electric Utility, Registrar

By: \_\_\_\_\_  
Authorized Signature

Item 13, figure 1 = Registrar and Transfer Agent: Secretary of the Board of Trustees of the Municipal Electric Utility  
Paying Agent: Secretary of the Board of Trustees of the Municipal Electric Utility  
SEE REVERSE FOR CERTAIN DEFINITIONS

Item 14, figure 1 = (Seal)  
Item 15, figure 1 = (Signature Block)

CITY OF COON RAPIDS, STATE OF IOWA, BY AND THROUGH THE BOARD OF TRUSTEES OF THE MUNICIPAL ELECTRIC UTILITY

By: \_\_\_\_\_ (manual or facsimile signature)  
Chairperson of the Board of Trustees

ATTEST:

By: \_\_\_\_\_ (manual or facsimile signature)  
Secretary of the Board of Trustees

Item 17, figure 1 = (Assignment Block)  
(Information Required for Registration)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Social Security or Tax Identification No. \_\_\_\_\_) the within Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney in fact to transfer the said Note on the books kept for registration of the within Note, with full power of substitution in the premises.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
(Person(s) executing this Assignment sign(s) here)

SIGNATURE )  
GUARANTEED ) \_\_\_\_\_

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the Certificate(s) or Note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) \_\_\_\_\_  
Address of Transferee(s) \_\_\_\_\_  
Social Security or Tax Identification \_\_\_\_\_  
Number of Transferee(s) \_\_\_\_\_  
Transferee is a(n):  
Individual\* \_\_\_\_\_ Corporation \_\_\_\_\_  
Partnership \_\_\_\_\_ Trust \_\_\_\_\_

\* If the Note is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

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

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with rights of survivorship and not as tenants in common
- IA UNIF TRANS MIN ACT - ..... Custodian .....  
(Cust) (Minor)  
Under Iowa Uniform Transfers to Minors Act..... (State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED  
THOUGH NOT IN THE ABOVE LIST

Section 13. Equality of Lien. The timely payment of principal of and interest on the Notes and Parity Obligations shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or delivery; and the revenues of the System are hereby irrevocably pledged to the timely payment of both principal and interest as the same become due.

Section 14. Application of Note Proceeds – Project Fund. Proceeds of the Notes shall be applied as follows:

- An amount equal to accrued interest shall be deposited in the Sinking Fund for application to the first payment of interest on the Notes.
- The balance of the proceeds shall be deposited to the Project Fund and expended therefrom for the purposes of issuance.

The Project Fund shall be invested in accordance with Section 17 of this Resolution. Earnings on investments of the Project Fund shall be deposited in and expended from the Project Fund. Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Notes at any time that other funds of the System shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law, the Internal Revenue Code and this Resolution.

Section 15. User Rates. There has heretofore been established and published as required by law, just and equitable rates or charges for the use of the service rendered by the System. The rates or charges shall be paid by the owner of each and every lot, parcel of real estate, or building that is connected with and uses the System, by or through any part of the System or that in any way uses or is served by the System. So long as the Notes are outstanding and unpaid the rates or charges to consumers of services of the System shall be sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of the System and for the payment of principal and interest on the Notes and Parity Notes and obligations as the same fall due, and to provide for the creation of reserves as hereinafter provided.

Any revenues paid and collected for the use of the System and its services by the Issuer or any department, agency or instrumentality of the Issuer shall be used and accounted for in the same manner as any other revenues derived from the operations of the System.

Section 16. Application of Revenues. From and after the delivery of any Notes, and as long as any of the Notes or Parity Obligations shall be outstanding and unpaid either as to principal or as to interest, or until all of the Notes and Parity Obligations then outstanding shall have been discharged and satisfied in the manner provided in this Resolution, the entire income and revenues of the System shall be deposited as collected in a fund to be known as the Electric Revenue Fund (the "Revenue Fund"), and shall be disbursed only as follows:

(a) Operation and Maintenance Fund. Money in the Revenue Fund shall first be disbursed to make deposits into a separate and special fund to pay current expenses. The fund shall be known as the Electric Revenue Operation and Maintenance Fund (the "Operation and Maintenance Fund"). There shall be deposited in the Operation and Maintenance Fund each month an amount sufficient to meet the current expenses of the month plus an amount equal to 1/12th of expenses payable on an annual basis such as insurance. After the first day of the month, further deposits may be made to this account from the Revenue Fund to the extent necessary to pay current expenses accrued and payable to the extent that funds are not available in the Surplus Fund.

(b) Sinking Fund. Money in the Revenue Fund shall next be disbursed to make deposits into a separate and special fund to pay the principal and interest requirements of the Fiscal Year on the Notes and Parity Obligations. The fund shall be known as the Electric Revenue Note and Interest Sinking Fund (the "Sinking Fund"). The required amount to be deposited in the Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Notes and Parity Obligations, plus the equal monthly amount necessary to pay in full the installment of principal coming due on such Notes on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Notes and Parity Obligations as the same shall become due and payable.

(c) Subordinate Obligations. Money in the Revenue Fund may next be used to pay principal of and interest on (including reasonable reserves therefor) any other obligations which by their terms shall be payable from the revenues of the System, but subordinate to the Notes and Parity Obligations, and which have been issued for the purposes of extensions and improvements to the System or to retire the Notes or Parity Obligations in advance of maturity, or to pay for extraordinary repairs or replacements to the System.

(d) Surplus Revenue. All money thereafter remaining in the Revenue Fund at the close of each month may be deposited in any of the funds created by this Resolution, to pay for extraordinary repairs or replacements to the System, or may be used to pay or redeem the Notes or Parity Obligations, any of them, or for any lawful purpose.

Money in the Revenue Fund shall be allotted and paid into the various funds and accounts hereinbefore referred to in the order in which the funds are listed, on a cumulative basis on the 10th day of each month, or on the next succeeding business day when the 10th shall not be a business day; and if in any month the money in the Revenue Fund shall be insufficient to deposit or transfer the required amount in any of the funds or accounts, the deficiency shall be made up in the following month or months after payments into all funds and accounts enjoying a prior claim to the revenues shall have been met in full. The provisions of this Section shall not be construed to require the Issuer to maintain separate bank accounts for the funds created by this Section; except the Sinking Fund and the Reserve Fund shall be maintained in a separate account but may be invested in conjunction with other funds of the City but designated as a trust fund on the books and records of the City.

Section 17. Investments. All of the funds provided by this Resolution may be invested only in Permitted Investments or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation or its equivalent successor, and the deposits in

which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its equivalent successor in any one financial institution shall be continuously secured in compliance with Chapter 12C of the Code of Iowa, as amended, or otherwise by a valid pledge of direct obligations of the United States Government having an equivalent market value. All such interim investments shall mature before the date on which the moneys are required for the purposes for which the fund was created or otherwise as herein provided but in no event maturing in more than three years in the case of the Reserve Fund.

All income derived from such investments shall be deposited in the Revenue Fund and shall be regarded as revenues of the System. Investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective fund was created.

Section 18. Covenants Regarding the Operation of the System. The Issuer hereby covenants and agrees with each and every holder of the Notes and Parity Obligations:

(a) Maintenance and Efficiency. The Issuer will maintain the System in good condition and operate it in an efficient manner and at reasonable cost.

(b) Sufficiency of Rates. On or before the beginning of each Fiscal Year the Governing Body will adopt or continue in effect rates for all services rendered by the System determined to be sufficient to produce Net Revenues for the next succeeding Fiscal Year adequate to pay principal and interest requirements and create reserves as provided in this Resolution but not less than 110 percent of the principal and interest requirements of the Fiscal Year. No free use of the System by the Issuer or any department, agency or instrumentality of the Issuer shall be permitted except upon the determination of the Governing Body that the rates and charges otherwise in effect are sufficient to provide Net Revenues at least equal to the requirements of this subsection.

(c) Insurance. That the Issuer shall maintain insurance for the benefit of the Noteholders on the insurable portions of the System of a kind and in an amount which normally would be carried by private companies engaged in a similar kind of business. The proceeds of any insurance, except public liability insurance, shall be used to repair or replace the part or parts of the System damaged or destroyed, or if not so used shall be placed in the Revenue Fund.

(d) Accounting and Audits. The Issuer will cause to be kept proper books and accounts adapted to the System and in accordance with generally accepted accounting practices, and will diligently act to cause the books and accounts to be audited annually and reported upon not later than 270 days after the end of each Fiscal Year by an Independent Auditor and will provide copies of the audit report to the holders of any of the Notes and Parity Obligations upon request. The holders of any of the Notes and Parity Obligations shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Issuer relating thereto.

(e) State Laws. The Issuer will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Iowa, including the making and collecting of reasonable and sufficient rates for services rendered by the System as above provided, and will segregate the revenues of the System and apply the revenues to the funds specified in this Resolution.

(f) Property. The Issuer will not sell, lease, mortgage or in any manner dispose of the System, or any capital part thereof, including any and all extensions and additions that may be made thereto, until satisfaction and discharge of all of the Notes and Parity Obligations shall have been provided for in the manner provided in this Resolution; provided, however, that this covenant shall not be construed to prevent the disposal by the Issuer of property which in the judgment of its Governing Body has become inexpedient or unprofitable to use in connection with the System, or if it is to the advantage of the System that other property of equal or higher value be substituted therefor, and provided further that the proceeds of the disposition of such property shall be placed in a revolving fund to be used in preference to other sources for capital improvements to the System. Any such proceeds of the disposition of property acquired with the proceeds of the Notes or Parity Obligations shall not be used to pay principal or interest on the Notes or Parity Obligations or for payments into the Sinking.

(g) Fidelity Bond. The Issuer shall maintain fidelity bond coverage in amounts which normally would be carried by private companies engaged in a similar kind of business on each officer or employee having custody of funds of the System.

(h) Additional Charges. The Issuer will require proper connecting charges and/or other security for the payment of service charges.

(i) Budget. The Governing Body of the Issuer shall approve and conduct operations pursuant to a system budget of revenues and current expenses for each Fiscal Year. Such budget shall take into account revenues and current expenses during the current and last preceding Fiscal Year. Copies of such budget and any amendments thereto shall be provided to the holders of any of the Notes upon request.

Section 19. Remedies of Noteholders. Except as herein expressly limited the holder or holders of the Notes and Parity Obligations shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa,

and of the United States of America, for the enforcement of payment of their Notes and interest thereon, and of the pledge of the revenues made hereunder, and of all covenants of the Issuer hereunder.

Section 20. Prior Lien and Parity Obligations. The Issuer will issue no other notes, bonds or obligations of any kind or nature payable from or enjoying a lien or claim on the property or revenues of the System having priority over the Notes or Parity Obligations.

Additional Obligations may be issued on a parity and equality of rank with the Notes with respect to the lien and claim of such Additional Obligations to the revenues of the System and the money on deposit in the funds adopted by this Resolution, for the following purposes and under the following conditions, but not otherwise:

(a) For the purpose of refunding any of the Notes or Parity Obligations which shall have matured or which shall mature not later than three months after the date of delivery of such refunding obligation and for the payment of which there shall be insufficient money in the Sinking Fund;

(b) For the purpose of refunding any outstanding Notes, Parity Obligations or general obligation notes or making extensions, additions, improvements or replacements to the System, if all of the following conditions shall have been met:

(i) before any such Additional Obligations ranking on a parity are issued, there will have been procured and filed with the Secretary of the Board of Trustees, a statement of an Independent Auditor, independent financial consultant or consulting engineer, not a regular employee of the Issuer, reciting the opinion based upon necessary investigations that the Net Revenues of the System for the preceding Fiscal Year (with adjustments as hereinafter provided) were equal to at least 1.10 times the maximum amount that will be required in any Fiscal Year prior to the longest maturity of any of the Notes or Parity Obligations for both principal of and interest on all Notes and Parity Obligations then outstanding which are payable from the net earnings of the System and the Additional Obligations then proposed to be issued.

For the purpose of determining the Net Revenues of the System for the preceding Fiscal Year as aforesaid, the amount of the gross revenues for such year may be adjusted by an Independent Auditor, independent financial consultant or consulting engineer, not a regular employee of the Issuer, so as to reflect any changes in the amount of such revenues which would have resulted had any revision of the schedule of rates or charges imposed at or prior to the time of the issuance of any such Additional Obligations been in effect during all of such preceding Fiscal Year.

The amount of the revenues may be further adjusted for such purpose by a Consulting Engineer as follows: (a) to the extent of any demand charges (as opposed to charges for the purchase of electric energy) paid under any interconnection agreement or contract with another utility system for the interchange of electric service during the preceding Fiscal Year to the extent that such Engineer estimates that such demand charges would have been eliminated or reduced by reason of the improvements and extensions then to be constructed, (b) to the extent that the Engineer estimates that reduction in base load energy costs or savings in the cost of purchased power would have been affected if the improvements and extensions then to be constructed had been in operation during the preceding year, and (c) to the extent of the estimated Net Revenues of the first full Fiscal Year of operation of the improvements and extensions then to be constructed from the sale of surplus power resulting from the addition to the System of the improvements and extensions, provided, however, that such sale or sales may be considered only to the extent the same are supported by firm contracts requiring the purchaser to pay for available surplus power or capacity whether or not it is in fact accepted by the purchaser.

(ii) the Additional Obligations must be payable as to principal and as to interest on the same month and day as the Notes herein authorized.

(iii) for the purposes of this Section, principal and interest falling due on the first day of a Fiscal Year shall be deemed a requirement of the immediately preceding Fiscal Year.

(iv) for the purposes of this Section, general obligation bonds or notes shall be refunded only upon a finding of necessity by the Governing Body and only to the extent the general obligation bonds or notes were issued or the proceeds thereof were expended for the System.

(v) for purposes of this Section, "preceding Fiscal Year" shall be the most recently completed Fiscal Year for which audited financial statements prepared by a certified public accountant are issued and available, but in no event a Fiscal Year which ended more than eighteen months prior to the date of issuance of Additional Obligations.

Section 21. Disposition of Proceeds; Arbitrage Not Permitted. The Issuer reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Notes issued hereunder which will cause any of the Notes to be classified as arbitrage bonds within the meaning of Section 148(a) and (b) of the Internal Revenue Code of the United States, and that throughout the term of the Notes it will comply with the requirements of such statute and regulations issued thereunder.

To the best knowledge and belief of the Issuer, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Notes will be used in a manner that would cause the Notes to be arbitrage

notes. Without limiting the generality of the foregoing, the Issuer hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Notes to certify as to the reasonable expectations and covenants of the Issuer at that date.

The Issuer covenants that it will treat as Yield Restricted any proceeds of the Notes remaining unexpended after three years from the issuance and any other funds required by the Tax Exemption Certificate to be so treated. If any investments are held with respect to the Notes and Parity Obligations, the Issuer shall treat the same for the purpose of restricted yield as held in proportion to the original principal amounts of each issue.

The Issuer covenants that it will exceed any investment yield restriction provided in this Resolution only in the event that it shall first obtain an opinion of recognized bond counsel that the proposed investment action will not cause the Notes to be classified as arbitrage bonds under Section 148(a) and (b) the Internal Revenue Code or regulations issued thereunder.

The Issuer covenants that it will proceed with due diligence to spend the proceeds of the Notes for the purpose set forth in this Resolution. The Issuer further covenants that it will make no change in the use of the proceeds available for the construction of facilities or change in the use of any portion of the facilities constructed therefrom by persons other than the Issuer or the general public unless it has obtained an opinion of bond counsel or a revenue ruling that the proposed project or use will not be of such character as to cause interest on any of the Notes not to be exempt from federal income taxes in the hands of holders other than substantial users of the project, under the provisions of Section 142(a) of the Internal Revenue Code of the United States, related statutes and regulations.

Section 22. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Notes from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract between the Issuer and the owners of the Notes; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Notes; (e) file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

Section 23. Qualified Tax-Exempt Obligations. For the sole purpose of qualifying the Notes as "Qualified Tax-Exempt Obligations" pursuant to Section 265(b) of the Internal Revenue Code of the United States, as amended, the Issuer designates the Notes as qualified tax-exempt obligations and represents that the reasonably anticipated amount of tax exempt governmental obligations which will be issued during the current calendar year will not exceed Ten (10) Million Dollars.

Section 24. Discharge and Satisfaction of Notes. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Notes and Parity Obligations, or any of them, in any one or more of the following ways:

- (a) By paying the Notes or Parity Obligations when the same shall become due and payable; and
- (b) By depositing in trust with the Treasurer, or with a corporate trustee designated by the Governing Body for the payment of the obligations and irrevocably appropriated exclusively to that purpose an amount in cash or direct obligations of the United States the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which the obligations may be redeemed, all of such obligations outstanding at the time, together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any, that may be payable on the redemption of the same; provided that proper notice of redemption of all such obligations to be redeemed shall have been previously published or provisions shall have been made for such publication.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided by this Section, all liability of the Issuer with respect to the Notes or Parity Obligations shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 25. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the holder or holders of the Notes and Parity Obligations, and after the issuance of any of the Notes no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as provided in the next succeeding Section, until such time as all of the Notes and Parity Obligations, and interest due thereon, shall have been satisfied and discharged as provided in this Resolution.

Section 26. Amendment of Resolution Without Consent. The Issuer may, without the consent of or notice to any of the holders of the Notes and Parity Obligations, amend or supplement this Resolution for any one or more of the following purposes:

- (a) to cure any ambiguity, defect, omission or inconsistent provision in this Resolution or in the Notes or Parity Obligations; or to comply with any application provision of law or regulation of federal or state agencies; provided, however, that such action shall not materially adversely affect the interests of the holders of the Notes or Parity Obligations;
- (b) to change the terms or provisions of this Resolution to the extent necessary to prevent the interest on the Notes or Parity Obligations from being includable within the gross income of the holders thereof for federal income tax purposes;
- (c) to grant to or confer upon the holders of the Notes or Parity Obligations any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the holders of the Notes;
- (d) to add to the covenants and agreements of the Issuer contained in this Resolution other covenants and agreements of, or conditions or restrictions upon, the Issuer or to surrender or eliminate any right or power reserved to or conferred upon the Issuer in this Resolution; or
- (e) to subject to the lien and pledge of this Resolution additional pledged revenues as may be permitted by law.

Section 27. Amendment of Resolution Requiring Consent. This Resolution may be amended from time to time if such amendment shall have been consented to by holders of not less than two-thirds in principal amount of the Notes and Parity Obligations at any time outstanding (not including in any case any Notes which may then be held or owned by or for the account of the Issuer, but including such refunding obligations as may have been issued for the purpose of refunding any of such Notes if such refunding obligations shall not then be owned by the Issuer); but this Resolution may not be so amended in such manner as to:

- (a) Make any change in the maturity of interest rate of the Notes, or modify the terms of payment of principal of or interest on the Notes or any of them or impose any conditions with respect to such payment;
- (b) Materially affect the rights of the holders of less than all of the Notes and Parity Obligations then outstanding; and
- (c) Reduce the percentage of the principal amount of Notes, the consent of the holders of which is required to effect a further amendment.

Whenever the Issuer shall propose to amend this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be filed with the Original Purchaser and to be mailed by certified mail to each registered owner of any Note as shown by the records of the Registrar. Such notice shall set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory Resolution is on file in the office of the Secretary of the Board of Trustees.

Whenever at any time within one year from the date of the mailing of the notice there shall be filed with the Secretary of the Board of Trustees an instrument or instruments executed by the holders of at least two-thirds in aggregate principal amount of the Notes then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory Resolution described in the notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Governing Body of the Issuer may adopt such amendatory Resolution and such Resolution shall become effective and binding upon the holders of all of the Notes and Parity Obligations.

Any consent given by the holder of a Note pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the instrument evidencing such consent and shall be conclusive and binding upon all future holders of the same Note during such period. Such consent may be revoked at any time after six months from the date of such instrument by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Secretary of the Board of Trustees.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Notes held by any person executing such instrument and the date of his holding the same may be proved by an affidavit by such person or by a certificate executed by an officer of a bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the Notes described in such certificate.

Section 28. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions.

Section 29. Repeal of Conflicting Ordinances or Resolutions and Effective Date. All other ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; and this Resolution shall be in effect from and after its adoption.

PASSED AND APPROVED, this 26th day of January, 2017.

The General Manager presented and reviewed the "Iowa Energy Plan" with the Board and explained how the plan was organized into four foundational pillars: Economic Development, Energy Careers, Energy Efficiency and Conservation. The General Manager discussed the objectives and strategies included in the plan that are supposed to serve as the foundation for Iowa's energy future.

The General Manger reviewed the latest IDNR public water supply sanitary survey. The General Manager also reviewed chlorine disinfection equipment & capacities, well ammonia concentrations and the IDNR's new "Iowa Main Break and Depressurization Guidance" document and its application to CRMU's annual tower maintenance.

The Board discussed potential sponsorship of an EMS Zone sign at Whiterock Conservancy.

The Board and staff performed their annual detailed review of the following financial information: FY 2018 Budgets, Investment Policy, Depository Limitation Agreements, Electric & Gas Economic Reserve Funds, PILOT payments to the City of Coon Rapids and Equipment Replacement Schedules. Motion by Siegler, Second by Bass with all voting "Aye" to approve FY 2018 Budgets.

This notice is given at the direction of the Chairman pursuant to Chapter 28A, Code of Iowa and local rules of said governmental body.

**SEAL**

---

Chairman, Board of Trustees

---

Secretary, Board of Trustees