

POLK COUNTY

Minnesota

\$2,935,000⁽¹⁾

**General Obligation Capital Improvement Plan Bonds,
Series 2020A**

\$1,625,000⁽¹⁾

**General Obligation Watershed District Refunding Bonds,
Series 2020B**

Detailed information regarding these obligations (collectively, the “Bonds”) is set forth herein.

PROPOSALS RECEIVED: Tuesday, February 18, 2020 at 10:00 A.M., C.T.
Offices of PFM Financial Advisors LLC
50 South Sixth Street, Suite 2250
Minneapolis, MN 55402
(Electronic and sealed proposals may be submitted)

PROPOSALS CONSIDERED: Tuesday, February 18, 2020 by 12:00 P.M., C.T.

The date of this Official Statement is February 10, 2020.

⁽¹⁾ Preliminary; subject to change.

NEW ISSUE: FULL BOOK-ENTRY ONLY**RATING*: APPLIED FOR (S&P Global Ratings)****MINNESOTA PUBLIC FACILITIES AUTHORITY CREDIT ENHANCEMENT**

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the 2020A Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the 2020A Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. The County will designate the 2020A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "Tax Considerations" herein.

OFFICIAL STATEMENT

\$2,935,000⁽¹⁾ GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2020A
COUNTY OF POLK, MINNESOTA

Dated: Date of Delivery**Principal Due:** February 1, 2022 through 2031**Minimum Bid:** \$2,905,650 (99% of par)**Good Faith Deposit:** \$30,000

The County of Polk, Minnesota (the "County"), is issuing its \$2,935,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2020A (the "2020A Bonds") pursuant to Minnesota Statutes, Sections 373.40 and Chapter 475, for the purpose of (i) financing a portion of the cost of acquisition and betterment, including the necessary and incidental costs described in Minnesota Statutes, Section 475.65, for the capital improvement projects included in the County's 2020-2024 Capital Improvement Plan, (ii) paying capitalized interest from the delivery date through and including February 1, 2021, and (iii) paying the costs associated with the issuance of the 2020A Bonds. The 2020A Bonds will be general obligations of the County for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes (see "Security and Source of Payment" herein).

The 2020A Bonds will be issued as fully registered securities without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the 2020A Bonds. Individual purchases may be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof, of a single maturity. Purchasers will not receive certificates representing their interest in the 2020A Bonds purchased. Principal of the 2020A Bonds, payable annually on February 1 as set forth below, and interest, payable semiannually on each February 1 and August 1, commencing August 1, 2020, at the rates set forth below, will be paid to DTC, which will in turn remit such principal and interest payments to the owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day ("Record Date").

The 2020A Bonds will mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate*</u>	<u>Yield*</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate*</u>	<u>Yield*</u>
2022	\$ 260,000	_____%	_____%	2027	\$ 300,000	_____%	_____%
2023	265,000	_____%	_____%	2028	305,000	_____%	_____%
2024	275,000	_____%	_____%	2029	315,000	_____%	_____%
2025	280,000	_____%	_____%	2030	320,000	_____%	_____%
2026	290,000	_____%	_____%	2031	325,000	_____%	_____%

The 2020A Bonds are not subject to optional redemption.

LEGAL OPINION:

Dorsey & Whitney LLP, Minneapolis, Minnesota

REGISTRAR/PAYING AGENT:

U.S. Bank National Association, St. Paul, Minnesota

BANK QUALIFIED:

The 2020A Bonds are designated as
 "Qualified Tax-Exempt Obligations."

CREDIT ENHANCEMENT:

The County will participate in the
 Minnesota Public Facilities Authority Credit Enhancement Program

BIDS RECEIVED UNTIL:

10:00 A.M. Central Time on Tuesday, February 18, 2020,
 in the offices of PFM Financial Advisors LLC
 50 South Sixth Street, Suite 2250, Minneapolis, MN 55402
(Electronic and sealed bids accepted)

CONSIDERATION:

On Tuesday, February 18, 2020, at a regular Board Meeting.

DELIVERY:

On or about March 12, 2020

The date of this Official Statement is February 10, 2020.

* Interest rates, reoffering yields or prices, and ratings will be set forth in the Final Official Statement described herein.

⁽¹⁾ Preliminary, subject to change. The County reserves the right to adjust the issue size after receipt of bids.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)



NEW ISSUE: FULL BOOK-ENTRY ONLY**RATING*: APPLIED FOR (S&P Global Ratings)**

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the 2020B Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the 2020B Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. The County will designate the 2020B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "Tax Considerations" herein.

OFFICIAL STATEMENT

**\$1,625,000⁽¹⁾ GENERAL OBLIGATION WATERSHED DISTRICT REFUNDING BONDS, SERIES 2020B
COUNTY OF POLK, MINNESOTA**

Dated: Date of Delivery**Principal Due:** February 1, 2021 through 2033**Minimum Bid:** \$1,608,750 (99% of par)**Good Faith Deposit:** \$15,000

The County of Polk, Minnesota (the "County"), is issuing its \$1,625,000⁽¹⁾ General Obligation Watershed District Refunding Bonds, Series 2020B (the "2020B Bonds") pursuant to Minnesota Statutes, Chapters 103D and 475, to (i) effect a current refunding of the County's General Obligation Watershed District Bonds, Series 2012, dated February 8, 2012; and (ii) pay the costs associated with the issuance of the 2020B Bonds. The 2020B Bonds will be general obligations of the County for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes, but will be payable primarily from special assessments levied against benefited properties (see "Security and Source of Payment" herein).

The 2020B Bonds will be issued as fully registered securities without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the 2020B Bonds. Individual purchases may be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof, of a single maturity. Purchasers will not receive certificates representing their interest in the 2020B Bonds purchased. Principal of the 2020B Bonds, payable annually on February 1 as set forth below, and interest, payable semiannually on each February 1 and August 1, commencing August 1, 2020, at the rates set forth below, will be paid to DTC, which will in turn remit such principal and interest payments to the owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day ("Record Date").

The 2020B Bonds will mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate*</u>	<u>Yield*</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate*</u>	<u>Yield*</u>
2021	\$ 125,000	_____ %	_____ %	2028	\$ 130,000	_____ %	_____ %
2022	120,000	_____ %	_____ %	2029	130,000	_____ %	_____ %
2023	120,000	_____ %	_____ %	2030	130,000	_____ %	_____ %
2024	120,000	_____ %	_____ %	2031	125,000	_____ %	_____ %
2025	125,000	_____ %	_____ %	2032	125,000	_____ %	_____ %
2026	125,000	_____ %	_____ %	2033	125,000	_____ %	_____ %
2027	125,000	_____ %	_____ %				

The 2020B Bonds maturing on February 1, 2029 or after are subject to optional redemption on February 1, 2028 or any date thereafter at a price of par plus accrued interest to the redemption date.

LEGAL OPINION:

Dorsey & Whitney LLP, Minneapolis, Minnesota

REGISTRAR/PAYING AGENT:

U.S. Bank National Association, St. Paul, Minnesota

BANK QUALIFIED:

The 2020B Bonds are designated as
"Qualified Tax-Exempt Obligations."

BIDS RECEIVED UNTIL:

10:00 A.M. Central Time on Tuesday, February 18, 2020,
in the offices of PFM Financial Advisors LLC
50 South Sixth Street, Suite 2250, Minneapolis, MN 55402
(*Electronic and sealed bids accepted*)

CONSIDERATION:

On Tuesday, February 18, 2020, at a regular Board Meeting.

DELIVERY:

On or about March 12, 2020

The date of this Official Statement is February 10, 2020.

* Interest rates, reoffering yields or prices, and ratings will be set forth in the Final Official Statement described herein.

⁽¹⁾ Preliminary, subject to change. The County reserves the right to adjust the issue size after receipt of bids.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)



No dealer, broker, salesman or other person has been authorized by the County, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement or the Final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County, the Municipal Advisor or the Underwriters. This Official Statement or the Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or the Final Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding issuance of the \$2,935,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2020A (the “2020A Bonds”) and \$1,625,000⁽¹⁾ General Obligation Watershed District Refunding Bonds, Series 2020B (the “2020B Bonds”) (collectively, the “Bonds”) issued by the County of Polk, Minnesota (the “County”), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.

Issuer: Polk County, Minnesota.

Authority for Issuance: **2020A Bonds**

The 2020A Bonds are being issued pursuant to Minnesota Statutes, Sections 373.40 and Chapter 475.

2020B Bonds

The 2020B Bonds are being issued pursuant to Minnesota Statutes, Chapters 103D and 475.

Purpose: **2020A Bonds**

The 2020A Bonds are being issued to (i) finance a portion of the cost of acquisition and betterment, including the necessary and incidental costs described in Minnesota Statutes, Section 475.65, for the capital improvement projects included in the County’s 2020-2024 Capital Improvement Plan, (ii) pay capitalized interest from the delivery date through and including February 1, 2021, and (iii) pay the costs associated with the issuance of the 2020A Bonds.

2020B Bonds

The 2020B Bonds are being issued to (i) effect a current refunding of the County’s General Obligation Watershed District Bonds, Series 2012, dated February 8, 2012 and (ii) pay the costs associated with the issuance of the 2020B Bonds.

Security: **2020A Bonds**

The 2020A Bonds will be general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes.

2020B Bonds

The 2020B Bonds will be general obligations of the County for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes, but will be payable primarily from special assessments levied against benefited properties.

Principal Payments: **2020A Bonds**

Principal of the 2020A Bonds is payable annually on February 1 of the years 2022 through 2031.

2020B Bonds

Principal of the 2020B Bonds is payable annually on February 1 of the years 2021 through 2033.

Interest Payments: Interest on the Bonds is payable on February 1 and August 1, commencing August 1, 2020.

Credit Enhancement: **2020A Bonds**

The County will participate in the Minnesota Public Facilities Authority Credit Enhancement Program.

2020B Bonds

None – the County’s underlying rating.

Redemption:

2020A Bonds

The 2020A Bonds are not subject to optional redemption.

2020B Bonds

The 2020B Bonds maturing on February 1, 2029 or after are subject to optional redemption on February 1, 2028 or any date thereafter at a price of par plus accrued interest to the redemption date.

Denominations:

Individual purchases may be made in \$5,000 or multiples thereof of a single maturity.

Book-Entry Securities:

The Bonds will be issued as book-entry only securities through DTC.

Legal Matters:

Validity, taxability, and legal matters incident to the authorization and issuance of the Bonds are subject to the opinion of Dorsey & Whitney, LLP, Bond Counsel. The opinion will be substantially in the form set forth in Appendix B attached hereto.

Tax Status:

Exempt from federal and Minnesota income taxes, as further provided and described in this Official Statement. See “Tax Considerations” herein.

Bank Qualification:

The Bonds will be designated as Qualified Tax-Exempt Obligations.

Professional Consultants:

<i>Municipal Advisor:</i>	PFM Financial Advisors LLC. Minneapolis, Minnesota
<i>Bond Counsel:</i>	Dorsey & Whitney, LLP Minneapolis, Minnesota
<i>Paying Agent/Registrar:</i>	U.S. Bank, National Association St. Paul, Minnesota

Delivery:

The Bonds will be delivered on or about March 12, 2020.

(1) Preliminary, subject to change.

The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof.

The Preliminary Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the Bonds, the County shall provide copies of the final Official Statement, as that term is used in the Rule, to the purchaser(s) of the Bonds.

The purchaser(s) of the Bonds will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 20 copies of the final Official Statement for each respective series of Bonds will be furnished without cost.

Questions regarding the Bonds or the Preliminary Official Statement can be directed to, and additional copies of the Preliminary Official Statement, the County's annual financial reports and the documents described herein may be obtained from the County Municipal Advisor, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612-338-3535 and 612-338-7264 FAX).

DESCRIPTION OF THE BONDS

Authorization and Purpose

2020A Bonds

The 2020A Bonds are being issued pursuant to Minnesota Statutes, Sections 373.40 and Chapter 475, for the purpose of (i) financing a portion of the cost of acquisition and betterment, including the necessary and incidental costs described in Minnesota Statutes, Section 475.65, for the capital improvement projects included in the County's 2020-2024 Capital Improvement Plan (the "CIP"), (ii) paying capitalized interest from the delivery date through and including February 1, 2021, and (iii) paying the costs associated with the issuance of the 2020A Bonds.

The issue includes financing for the following projects:

- Government Center Building (\$210,500) – Replacement of the building's elevator and remodeling of the employee breakroom and IT room.
- Highway Department Buildings (\$262,000) – Replacement of the roof over the shop area.
- Human Services Building (\$2,540,000) – Office remodeling of 15,240 ft², installation of a new roof, and upgrades and integration of HVAC control system.

2020B Bonds

The 2020B Bonds are being issued pursuant to Minnesota Statutes, Chapters 103D and 475, to (i) effect a current refunding of the County's General Obligation Watershed District Bonds, Series 2012 (the "Refunded Bonds"), dated February 8, 2012 and (ii) pay the costs associated with the issuance of the 2020B Bonds.

The Refunded Bonds were originally issued to finance improvements within the Sand Hill River Watershed District. More specifically, the proceeds were used to finance improvement, laterals, and outlet extensions to Polk County Ditch No. 77, including Branches 1 and 2, and improvements and laterals to Polk County Ditch No. 166. The outstanding maturities and amounts of the Refunded Bonds are presented below:

Maturity	Amount Outstanding	Call Date	Call Price	Amount Refunded
02/01/21	\$ 135,000	04/01/20	100%	\$ 135,000
02/01/22	135,000	04/01/20	100%	135,000
02/01/24*	270,000	04/01/20	100%	270,000
02/01/26*	270,000	04/01/20	100%	270,000
02/01/29*	405,000	04/01/20	100%	405,000
02/01/32*	405,000	04/01/20	100%	405,000
02/01/33	<u>135,000</u>	04/01/20	100%	<u>135,000</u>
	<u>\$ 1,755,000</u>			<u>\$ 1,755,000</u>

* Subject to mandatory sinking fund redemption

Security and Source of Payment

2020A Bonds

The 2020A Bonds will be general obligations of the County. The principal of and interest on the 2020A Bonds are payable from ad valorem taxes heretofore duly levied or to be levied on all taxable property within the County, which have been pledged and appropriated for this purpose, but if necessary for the payment thereof, additional ad valorem taxes are required by law to be levied on all taxable property in the County, which additional taxes are not subject to any limitation of rate or amount.

2020B Bonds

The 2020B Bonds will be general obligations of the County for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes, but will be payable primarily from special assessments levied against benefited properties. If necessary for the payment thereof, additional ad valorem taxes are required by law to be levied on all taxable property in the County, which additional taxes are not subject to any limitation of rate or amount.

Interest

Interest on the Bonds will be payable annually on each February 1 and August 1, commencing August 1, 2020, to DTC which will in turn remit such principal and interest payments to the owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day ("Record Date"). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

Credit Enhancement

2020A Bonds

By Resolution adopted on February 4, 2020 (the "PFA Resolution"), the County has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 446A.086 (the "Act"), which provides for payment by the State of Minnesota in the event of a potential default of certain obligations. The County has entered into a Credit Enhancement Program Agreement (the "Agreement") with the Minnesota Public Facilities Authority (the "Authority"), which is acting on behalf of the State of Minnesota. The provisions of the Agreement shall be binding on the County as long as any obligations of the issue remain outstanding. The County covenants in the Agreement to deposit with the paying agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment. Under the Agreement, if the County believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Authority no fewer than 15 business days prior to the date a payment is due on the 2020A Bonds if the County will be unable to make all or a portion of the payment. The County's agreement with the Paying Agent for the 2020A Bonds requires the Paying Agent to immediately inform the Minnesota Commissioner of Management and Budget, with a copy to the Authority, if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the 2020A Bonds, or if, on the day two business days before the date a payment is due on the 2020A Bonds, there are insufficient funds on deposit with the Paying Agent to make the payment. If the County is unable to make any portion of the payment on the 2020A Bonds on or before the date due, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the Minnesota legislature to provide for the availability of funds in the General Fund for this purpose.

2020B Bonds

None – the County's underlying rating.

Redemption Provisions

Optional Redemption

2020A Bonds

The 2020A Bonds are not subject to optional redemption.

2020B Bonds

The 2020B Bonds maturing on February 1, 2029 or after are subject to optional redemption on February 1, 2028 or any date thereafter at a price of par plus accrued interest to the redemption date.

Notice of Redemption

The County Administrator shall cause notice of the call for redemption to be published if and as required by law and, not more than sixty (60) and not fewer than twenty (20) days prior to the designated redemption date, shall cause notice of the call to be mailed to the registered holders of any Bonds to be redeemed at their addresses as they appear on the bond register, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, the numbers, interest rates and CUSIP numbers of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment.

Sources and Uses of Funds

Table 1 presents the sources and uses of funds for the Bonds.

Table 1
Sources and Uses of Funds

Sources of Funds	<u>2020A Bonds</u>	<u>2020B Bonds</u>
Par Amount	\$ 2,935,000	\$ 1,625,000
Uses of Funds		
Capital Projects		
Capitalized Interest		
Redemption of the Refunded Bonds		
Cost of Issuance/ Underwriter's Discount		
Total Uses of Funds		

Book-Entry Only System

The information contained in the following paragraphs of this subsection "Book-Entry-Only ISSUANCE" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE." The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and

pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the Record Date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

Continuing Disclosure

In order to permit proposers for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the County will covenant and agree, for the benefit of the registered holders or beneficial owners, in the resolutions for the Bonds under the Continuing Disclosure section, to provide audited financial statements and annual reports of specified information on or before 12 months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2019, and notice of the occurrence of certain material events as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the material events as to which notice is to be given and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in APPENDIX C to this Preliminary Official Statement.

During the last five years, the County has never failed to comply in all material respects with its prior undertakings under the rule.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the resolutions for the Bonds. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the County to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

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THE ISSUER

General Description

Polk County is located in northwestern Minnesota on the North Dakota border. The County was organized in 1872 and has ever since continued in existence as a county governed by the general laws of the State of Minnesota. It includes approximately 2,028 square miles and 58 full and fractional congressional townships and 15 cities. The county seat is the City of Crookston (the “City”) located 290 miles from the Twin Cities metropolitan area and 25 miles from the Grand Forks, North Dakota metropolitan area. The County is governed by an elected five-member Board of County Commissioners.

Organization

The Board of Commissioners is the governing body of the County consisting of five members elected by the voters of the County for a four year term. The Board meets the 1st, 3rd, and 4th Tuesdays of each month at 8:00 a.m., 10:00 a.m., and 8:00 a.m. respectively. The 2nd Tuesday of the month the Commissioners meet with the Welfare Board at 8:30 a.m. with the regular Commissioners meeting beginning at 10:30 a.m. All meetings are held in the County Commissioners Room of the Polk County Government Center.

The current County Board Members are presented in the tables listed below.

County Board of Commissioners

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
<i>Gary Willhite</i>	<i>Chairman of the Board</i>	January 1, 2021
<i>Gerald Jacobson</i>	<i>Vice Chair</i>	January 1, 2021
<i>Don Diedrich</i>	<i>Commissioner</i>	January 1, 2021
<i>Joan Lee</i>	<i>Commissioner</i>	January 1, 2023
<i>Warren Strandell</i>	<i>Commissioner</i>	January 1, 2023

The **County Administrator** is an appointed position by the County Board and manages the affairs of the county over which the County Board has authority. The Administration serves as the Clerk to the Board and implements all Board actions and decisions. The Administrator prepares the annual county budget for presentation to the Board and monitors expenditures throughout the year to assure compliance with approved budget. The Administrator’s office is responsible for the county Human Resources, Information Technology and Facilities Management departments.

County Administration

<u>Name</u>	<u>Position</u>
Charles Whiting	<i>Administrator-Clerk</i>
Ronald Denison	<i>Finance Director</i>
Michelle Cote	<i>Director of Property Records</i>
Gregory A. Widseth	<i>County Attorney</i>

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

The population for the County and the Cities of Crookston and East Grand Forks, as recorded in the past four decennial censuses and the most recent estimate, is presented below.

Table 2
Population Statistics

<u>Census</u>	<u>City of Crookston</u>	<u>City of East Grand Forks</u>	<u>Polk County</u>
2018 ⁽¹⁾	7,806	8,600	31,529
2010	7,891	8,601	31,600
2000	8,192	7,501	31,369
1990	8,119	8,658	32,498
1980	8,628	8,537	34,844

⁽¹⁾ Estimate.

Source: U.S. Census Bureau.

Agriculture

Agriculture is a significant component of the County's economy. The County is one of the leading producer among Minnesota counties of spring wheat, sugar beets, and soybeans, and the leading producer of dry edible beans according to statistics published by the U.S. Department of Agriculture National Agricultural Statistics Services in its 2018 bulletin.

Largest Employers

The largest employers in Polk County are shown in Table 3 below.

Table 3
Largest Employers

<u>Firm</u>	<u>Type of Business/Product</u>	<u>Number of Employees</u>
American Crystal Sugar Co.	Sugar Manufacturers	563 ⁽¹⁾
First Care Medical Service Hospital	Home Health Services	501
Michael J. Andringa – L T S Sugar	Sugar Manufacturers	402
New Flyer of America Inc.	Bus Manufacturers	400
University of Minnesota Crookston	Higher Education	400
Polk County	Government	390
East Grand Forks School District	Education	345
Walmart Supercenter	Department Store	335
Essential Health - Fosston	Hospitals	300
Crookston Public School District	Education	227

⁽¹⁾ Include plants in Crookston and East Grand Forks.

Source: ReferenceUSA.

Labor Force and Unemployment Statistics

Table 4 presents the average annual labor force totals and unemployment rates for the County and unemployment rates for the State of Minnesota for the years 2013 through 2018 and the most recent month available for 2018.

Table 4
Labor Force and Unemployment Statistics

<u>Year</u>	<u>Polk County</u>		<u>State of Minnesota</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2019 ⁽¹⁾	17,088	2.9%	2.9%
2018	17,293	4.9%	3.8%
2017	17,269	5.6%	4.5%
2016	17,036	4.9%	4.5%
2015	17,135	5.1%	4.4%
2014	17,175	6.2%	5.4%

⁽¹⁾ As of November 2019; not seasonally adjusted.

Source: Minnesota Department of Employment and Economic Development.

Housing and Income Statistics

Table 5 below presents key housing and income statistics for the County as compared to the State of Minnesota.

Table 5
Housing and Income Statistics

	<u>Polk County</u>	<u>State of Minnesota</u>
Median Value of Home (2013-2017)	\$ 152,600	\$ 199,700
Median Household Income (2013-2017)	\$ 55,393	\$ 65,699
Per Capita Personal Income		
2018	\$ 48,020	\$ 57,515
2017	46,227	54,919
2016	44,296	53,209

Source: U.S. Census Bureau, www.census.gov.
Bureau of Economic Analysis, www.bea.gov.

FINANCIAL SUMMARY

(This summary is subject in all respects to more complete information contained in this Official Statement.)

Economic Market Value 2018/19	\$ 5,990,713,614
Estimated Market Value 2018/19	\$ 5,649,848,100
Taxable Market Value 2018/19	\$ 5,448,532,500
Net Tax Capacity 2018/19	\$ 51,620,634
General Obligation Debt	
Watershed District (Includes 2020B Bonds)	\$ 7,450,000
Water System	715,000
Other (Includes the 2020A Bonds)	<u>21,845,000</u>
Total General Obligation Debt	\$ 30,065,000
Overlapping Debt	\$ 76,931,000
Population (2018 Estimate)	31,529
Area	2,028 square miles

Debt Ratios:

	<u>Amount</u>	Debt Per Capita (31,529)	% of Economic Market Value
General Obligation Debt	\$ 30,065,000	\$ 954	0.50%
Overlapping Debt	<u>76,931,000</u>	<u>2,440</u>	<u>1.28%</u>
Total	<u>\$ 106,996,000</u>	<u>\$ 3,394</u>	<u>1.78%</u>

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INDEBTEDNESS

General Obligation Long-Term Debt

Table 6 below and Table 7 through Table 9 on the next page summarize the County's outstanding long-term general obligation long-term debt as of February 1, 2020.

Table 6
General Obligation Long-Term Debt By Issue

<u>Issued</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate Range</u>	<u>Outstanding Principal</u>
Watershed District					
12/13/06	Improvements, 2006B	\$ 865,000	02/01/27	4.10% - 4.30%	\$ 280,000
04/29/09	Drainage, 2009A	925,000	02/01/30	3.75% - 4.65%	450,000
02/08/12	Improvements, 2012A	2,710,000	02/01/33	2.00% - 3.25%	-- ⁽¹⁾
08/20/15	Red Lake Improv, 2015B	1,495,000	02/01/36	1.50% - 3.40%	1,270,000
05/29/19	Watershed, 2019A	3,825,000	02/01/40	3.00% - 4.00%	3,825,000
03/12/20	Watershed Refunding, 2020B	1,625,000 ⁽²⁾	02/01/33	2020B	<u>1,625,000⁽²⁾</u>
Total					<u>\$ 7,450,000</u>
Water System					
05/15/12	Refunding, 2012B	\$ 1,805,000	01/01/25	1.50% - 2.30%	<u>\$ 715,000</u>
Other					
11/05/14	Jail Refunding, 2014A ⁽³⁾	\$ 9,675,000	02/01/26	2.00% - 2.25%	6,635,000
11/18/15	Capital Improvement, 2015C ⁽³⁾	2,985,000	02/01/26	2.00%	1,810,000
08/30/17	Solid Waste, 2017A	6,810,000	02/01/37	2.50% - 3.00%	6,120,000
05/29/19	State Aid Highway, 2019B	5,500,000	02/01/24	5.00%	4,400,000
03/12/20	Capital Improvement, 2020A ⁽³⁾	2,935,000 ⁽²⁾	02/01/31	2020A	<u>2,935,000⁽²⁾</u>
Total					<u>\$ 21,900,000</u>
Total General Obligation Long-Term Bonds					<u>\$ 30,065,000</u>

⁽¹⁾ The outstanding maturities will be refunded, on a current refunding basis, by the 2020B Bonds and will be called for redemption on April 1, 2020. Therefore, those maturities have not been included in the debt calculation.

⁽²⁾ Preliminary, subject to change.

⁽³⁾ Subject to debt limit.

Table 7
General Obligation Long-Term Debt for Watershed Districts
Annual Maturity Schedule

Bond Year (February 1)	Outstanding		2020B ⁽¹⁾		Total ⁽¹⁾⁽²⁾
	Principal	Interest	Principal	Interest	
2021	\$ 305,000	\$ 193,108	\$ 125,000	\$ 50,818	\$ 673,926
2022	315,000	182,373	120,000	52,350	669,723
2023	320,000	170,993	120,000	47,550	658,543
2024	320,000	161,068	120,000	42,750	643,818
2025	325,000	149,358	125,000	37,950	637,308
2026	330,000	136,803	125,000	32,950	624,753
2027	335,000	124,003	125,000	27,950	611,953
2028	300,000	111,008	130,000	22,950	563,958
2029	310,000	101,310	130,000	19,050	560,360
2030	315,000	91,290	130,000	15,150	551,440
2031	280,000	81,098	125,000	11,250	497,348
2032	290,000	72,570	125,000	7,500	495,070
2033	290,000	63,735	125,000	3,750	482,485
2034	300,000	54,900	--	--	354,900
2035	305,000	45,520	--	--	350,520
2036	310,000	35,970	--	--	345,970
2037	215,000	26,250	--	--	241,250
2038	215,000	19,800	--	--	234,800
2039	220,000	13,350	--	--	233,350
2040	225,000	6,750	--	--	231,750
Total	<u>\$ 5,825,000</u>	<u>\$ 1,841,253</u>	<u>\$ 1,625,000</u>	<u>\$ 371,968</u>	<u>\$ 9,663,221</u>

(1) Preliminary, subject to change.

(2) As of February 1, 2020 and may not perfectly sum due to rounding.

Table 8
General Obligation Long-Term Debt for the Water System
Annual Maturity Schedule

Bond Year (February 1)	Principal	Interest	Total ⁽¹⁾
2021	\$ 140,000	\$ 14,478	\$ 154,478
2022	140,000	12,098	152,098
2023	140,000	9,438	149,438
2024	145,000	6,568	151,568
2025	150,000	3,450	153,450
Total	<u>\$ 715,000</u>	<u>\$ 46,030</u>	<u>\$ 761,030</u>

(1) As of February 1, 2020 and may not perfectly sum due to rounding.

Table 9
General Obligation Long-Term Debt for Other Debt
Annual Maturity Schedule

Bond Year (February 1)	Outstanding		2020A ⁽¹⁾		Total ⁽¹⁾⁽²⁾
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 2,725,000	\$ 571,438	\$ --	\$ 66,813	\$ 3,363,250
2022	2,755,000	481,088	260,000	75,400	3,571,488
2023	2,790,000	390,088	265,000	67,600	3,512,688
2024	2,830,000	298,288	275,000	59,650	3,462,938
2025	1,770,000	205,588	280,000	51,400	2,306,988
2026	1,810,000	165,588	290,000	43,000	2,308,588
2027	340,000	123,175	300,000	34,300	797,475
2028	350,000	112,975	305,000	25,300	793,275
2029	355,000	104,225	315,000	19,200	793,425
2030	365,000	95,350	320,000	12,900	793,250
2031	375,000	85,313	325,000	6,500	791,813
2032	385,000	75,000	--	--	460,000
2033	400,000	63,450	--	--	463,450
2034	410,000	51,450	--	--	461,450
2035	420,000	39,150	--	--	459,150
2036	435,000	26,550	--	--	461,550
2037	<u>450,000</u>	<u>13,500</u>	<u>--</u>	<u>--</u>	<u>463,500</u>
Total ⁽²⁾	<u>\$ 18,965,000</u>	<u>\$ 2,902,213</u>	<u>\$ 2,935,000</u>	<u>\$ 462,063</u>	<u>\$ 25,264,275</u>

(1) Preliminary, subject to change.

(2) As of February 1, 2020 and may not perfectly sum due to rounding.

Future Financings

The County is not intending to issue additional general obligation debt in the next year.

Debt Payment History

The County has never defaulted in the payment of principal and interest on its debt.

Debt Limit

Minnesota Statutes, Chapter 475, as amended, provides that the County shall not incur or be subject to a net debt in excess of 3% of the estimated market value of taxable property in the County. Table 10 below presents the percentage of debt limit outstanding as of the issuance of the Bonds.

Table 10
Debt Limit Computation

Estimated Market Value (2018/19)	\$ 5,649,848,100
	<u>3.0%</u>
Debt Limit	\$ 169,495,443
G.O. Debt Subject to Debt Limit (6.71%)	<u>11,380,000</u>
Legal Debt Margin (93.29%)	<u>\$ 158,115,443</u>

(1) Preliminary, subject to change.

Overlapping Debt

Governmental jurisdictions located in Polk County which had long-term general obligation debt outstanding as of April 1, 2019, unless otherwise noted, are listed in Table 11 below. The table sets forth the long-term general obligation debt for those jurisdictions and the amount of that debt allocable to the County.

Table 11
Overlapping General Obligation Debt

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding⁽¹⁾</u>	<u>Percent Allocable to the County</u>	<u>Portion Allocable to the County</u>
Cities			
East Grand Forks	\$ 7,350,000	100.0%	\$ 7,350,000
Erskine	5,000	100.0%	5,000
Fertile	4,715,000	100.0%	4,715,00
Fosston	4,195,000	100.0%	4,195,000
McIntosh	381,000	100.0%	381,000
Nielsenville	120,000	100.0%	120,000
School Districts			
Crookston ISD No. 593	\$ 11,375,000	99.9%	11,725,000
East Grand Forks ISD No. 595	21,085,000	100.0%	21,085,000
Fertile-Beltrami ISD No. 599	6,990,000	88.4%	6,182,000
Fisher ISD No. 600	685,000	100.0%	685,000
Fosston ISD No. 601	17,065,000	79.2%	13,523,000
Win-E-Mac ISD No. 2609	7,350,000	94.8%	<u>6,965,000</u>
Total			<u>\$ 76,931,000</u>

(1) Includes general obligation, general obligation tax increment, and general obligation improvement bonds. Excludes general obligation revenue bonds.

Source: Polk County

FINANCIAL INFORMATION

Financial Reports

The County's financial reports are audited on an annual basis by an independent auditor. Copies of the County's audited financial statements for the years ended December 31, 2016 through 2018 are available upon request from the County, its Municipal Advisor or on the Electronic Municipal Market Access ("EMMA") website as part of their continuing disclosure reports. Appendix A presents the County's audited Financial Statements for Fiscal Year Ended December 31, 2018.

Budget for the General Fund

Table 12 below presents the budgeted funding sources and expenditures for the General Fund for the 2019-2020 fiscal years.

Table 12
General Fund Budget for 2019-2020 Fiscal Years

	<u>2019 Adopted</u>	<u>2019 Actual</u>	<u>2020 Adopted</u>
Total Revenues	<u>\$ 11,520,506</u>	<u>\$ 12,021,085</u>	<u>\$ 15,105,935</u>
Total Expenditures	<u>\$ 12,497,772</u>	<u>\$ 12,536,524</u>	<u>\$ 15,833,829</u>
Net	<u>\$ (977,266)</u>	<u>\$ (515,439)</u>	<u>\$ (727,894)</u>

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Results of Operations

Statements of revenues and expenditures of the General Fund of the County have been compiled from the County's financial reports. They have been organized in such a manner as to facilitate year-to-year comparisons. Table 13 below presents a statement of revenues and expenditures of the County's General Fund for the fiscal years ended December 31, 2016 through 2018.

Table 13
Statement of Revenues, Expenditures and
Changes in Fund Balance for the General Fund
(Years Ended December 31)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues			
Taxes	\$ 5,353,989	\$ 5,218,453	\$ 5,508,249
Special assessments	3,750	--	--
Licenses and permits	7,455	7,510	7,510
Intergovernmental	3,132,459	2,664,592	2,337,569
Charges for services	907,126	1,283,062	876,047
Fines and forfeits	13,653	10,807	12,291
Investment earnings	418,067	165,817	89,423
Miscellaneous	<u>311,044</u>	<u>679,473</u>	<u>571,605</u>
Total Revenues	<u>\$ 10,147,543</u>	<u>\$ 10,029,714</u>	<u>\$ 9,402,694</u>
Expenditures			
Current			
General government	\$ 8,956,563	\$ 9,099,397	\$ 10,546,902
Public safety	270,487	267,005	267,407
Health	12,400	10,000	10,000
Culture and recreation	307,267	235,068	331,904
Conservation of natural resources	225,862	592,856	342,918
Economic development	7,550	10,530	8,630
Debt Service			
Principal	1,260,000	1,215,000	850,000
Interest	<u>237,713</u>	<u>266,738</u>	<u>284,278</u>
Total Expenditures	<u>\$ 11,277,842</u>	<u>\$ 11,696,594</u>	<u>\$ 12,642,039</u>
Excess of revenues over (under) expenditures	\$ (1,130,299)	\$ (1,666,880)	\$ (3,239,345)
Other financing sources (uses)	<u>--</u>	<u>(1,937)</u>	<u>--</u>
Net Changes in Fund Balances	<u>\$ (1,130,299)</u>	<u>\$ (1,668,817)</u>	<u>\$ (3,239,345)</u>
Fund Balances – Beginning	<u>\$ 10,501,904</u>	<u>\$ 12,170,721</u>	<u>15,410,066</u>
Fund Balances - Ending	<u>\$ 9,371,605</u>	<u>\$ 10,501,904</u>	<u>\$ 12,170,721</u>

Retirement Plans

Defined Benefits Plans

All full-time and certain part-time employees of Polk County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan and the Public Employees Police and Fire Plan, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Polk County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. General Employees Retirement Plan and Public Employees Police and Fire Plan benefit recipients receive a future annual 1.0 percent for the post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For General Employees Retirement Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire

Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. In 2018, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Basic Plan members	11.78%
Coordinated Plan members	7.50%
Public Employees Police and Fire Plan	16.20%

The employee and employer contribution rates did not change from the previous year.

The County's contributions for the year ended December 31, 2018, to the pension plans were:

General Employees Retirement Plan	\$ 1,199,787
Public Employees Police and Fire Plan	352,009

The contributions are equal to the contractually required contributions as set by state statute.

Pensions Costs

General Employees Retirement Plan

At December 31, 2018, the County reported a liability of \$12,837,123 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.2314 percent. It was 0.2441 percent measured as of June 30, 2017. The County recognized pension expense of \$12,837,123 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County's proportionate share of net pension liability	\$ 12,837,123
State of Minnesota' proportionate share of the net pension liability associated with the County	<u>421,098</u>
Total	<u>\$ 15,258,221</u>

The County reported its proportionate share of the General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 357,590	\$ 355,958
Changes in actuarial assumptions	1,165,857	1,496,574
Difference between projected and actual investment earnings	--	1,488,243
Changes in proportion	978,400	688,399
Contributions paid to PERA subsequent to the measurement date	<u>604,852</u>	<u>--</u>
Total	<u>\$ 3,106,699</u>	<u>\$ 4,029,174</u>

The \$604,852 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2019	\$ 513,172
2020	(496,836)
2021	(1,278,731)
2022	(267,932)

Public Employees Police and Fire Plan

At December 31, 2018, the County reported a liability of \$2,129,662 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.200 percent. It was 0.206 percent measured as of June 30, 2017. The County recognized pension expense of \$271,543 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized \$17,982 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ 87,379	\$ 504,608
Changes in actuarial assumptions	2,531,084	3,230,215
Difference between projected and actual investment earnings	--	487,287
Changes in proportion	502,122	109,524
Contributions paid to PERA subsequent to the measurement date	<u>176,141</u>	<u>--</u>
Total	<u>\$ 3,296,726</u>	<u>\$ 4,331,634</u>

The \$176,141 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>December 31</u>	Pension Expense <u>Amount</u>
2019	\$ (1,974)
2020	(99,968)
2021	(298,944)
2022	(789,191)
2023	(20,972)

Total Pension Expenses

The total pension expense for all plans recognized by the County for the year ended December 31, 2018, was \$1,582,002.

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.25 percent and 1.0 percent respectively.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Retirement Plan was dated June 30, 2015. The experience study for the Public Employees Police and Fire Plan was dated August 30, 2016.

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Return of Return</u>
Domestic stocks	36%	5.10%
International stocks	17%	5.30%
Bonds	20%	0.75%
Alternative assets	25%	5.90%
Cash	2%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2018, which remained consistent with 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan and the Public Employees Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2018:

General Employees Retirement Plan

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

Publics Employees Police and Fire Plan

- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Proportionate Share of the			
	General Employees Retirement Plan		Public Employees Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 20,861,969	6.50%	\$ 4,566,129
Current	7.50%	12,837,123	7.50%	2,129,662
1% Increase	8.50%	6,212,842	8.50%	114,805

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Defined Contribution Plan

All Commissioners of Polk County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Polk County during the year ended December 31, 2018, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 8,957	\$ 8,957
Percentage of covered payroll	5%	5%

Other Post-Employment Benefits

Plan Description

Polk County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB 75. The OPEB plan does not issue a stand-alone financial report.

As of January 1, 2018, there were approximately 321 participants in the plan, including 4 retirees and surviving spouses.

Total OPEB Liability

The County's total OPEB liability of \$884,383 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balance at January 1, 2018	<u>\$ 881,733</u>
Changes for the year	
Service cost	\$ 43,449
Interest	29,382
Benefit payments	<u>(70,181)</u>
Net change	<u>\$ 2,650</u>
Balance at December 31, 2018	<u>\$ 884,383</u>

For more information, see Note 3 ("Detailed Notes on All Funds"), Part D ("Other Post-Employment Benefits (OPEB)") in the FY2018 Comprehensive Annual Financial Report.

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PROPERTY VALUATIONS AND TAXES

Assessed Valuations/Tax Capacity and Market Valuations

The County Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a County. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and may be revalued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of four years. Personal property subject to taxation must also be listed and assessed annually as of January 2.

With certain exemptions, all property is valued at its Estimated Market Value (“EMV”), which is the value the assessor determines to be the price the property to be fairly worth. Taxable Market Value (“TMV”) is EMV less certain exclusions, including the exclusions under the “This Old House” program for certain improvements made to homes over 45 years old and, for taxes payable in 2012 and thereafter, a homestead market value exclusion (“Homestead Exclusion”) for homesteads valued at under \$413,800. The Homestead Exclusion replaces the former residential homestead market value credit (“Homestead Credit”), which provided an offset of an amount of residential homeowner property taxes with a credit, which was reimbursed to the County by the State. Assuming a constant levy, the repeal of the Homestead Credit should not cause a decline in the total property taxes collected in the County, but will cause the property tax rates to change for certain taxpayers.

Net Tax Capacity (“NTC”) is the value upon which taxes are levied and collected. The NTC is computed by applying the class rate percentages specific to each type of property classification against the TMV. Class rate percentages vary depending on the type of property.

The following table shows the class rates for selected property types for taxes payable in 2020.

Table 14
Property Class Rates

<u>Type of Property</u>	<u>Pay 2020 Class Rates</u>
Residential Homestead	
First \$500,000 Taxable Market Value	1.00%
Over \$500,000 Taxable Market Value	1.25%
Commercial/Industrial	
First \$150,000 Taxable Market Value	1.50%
Over \$150,000 Taxable Market Value	2.00%
Non-Homestead Market Rate Apartments	1.25%

By dividing the EMV by the State Equalization Aid Review Committee’s (EARC) “Sales Ratio” for any particular year, the Economic Market Value can be calculated which approximates actual market value. Sales ratios represent the relationship between the market value used for tax purposes and actual selling prices which were obtained in real estate transactions within a governmental unit in any particular year. The 2018 sales ratio for the County is 98.11%.

Table 15 on the next page presents the Economic Market Value, EMV, TMV and NTC of taxable property in the County for assessment year 2018/collection year 2019. Table 16 presents the Economic Market Value, EMV, TMV and NTC for the past five years.

Table 15
Property Values

	<u>Economic Market Value⁽¹⁾</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Net Tax Capacity</u>
Real Estate:	\$ 5,876,991,614	\$ 5,536,126,100	\$ 5,334,810,500	\$ 49,563,340
Personal Property	113,722,000	113,722,000	113,722,000	2,254,230
Less: Increment Value	--	--	--	(196,936)
Total	<u>\$ 5,990,713,614</u>	<u>\$ 5,649,848,100</u>	<u>\$ 5,448,532,500</u>	<u>\$ 51,620,634</u>

⁽¹⁾ Economic market value is calculated using the Estimated Market Value of real estate divided by the sales ratio plus the Estimated Market Value of personal property.

Source: Polk County.

Table 16
Property Value Trends

	<u>Economic Market Value⁽¹⁾</u>	<u>Sales Ratio</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Net Tax Capacity</u>
2017/18	\$ 6,078,631,791	94.62%	\$ 5,762,193,300	\$ 5,561,848,300	52,705,805
2016/17	5,979,373,347	94.41%	5,654,295,000	5,451,536,300	50,591,175
2015/16	6,010,224,552	96.19%	5,787,056,900	5,581,123,400	51,647,971
2014/15	5,858,374,935	91.57%	5,376,443,200	5,166,992,800	47,689,363
2013/14	5,468,716,674	80.04%	4,404,681,600	4,188,926,300	39,282,432

⁽¹⁾ The Economic Market Value is calculated taking the total Estimated Market Value divided by the sales ratio.

Source: Polk County.

Table 17 presents the Net Tax Capacity of real property in the County for assessment year 2018 by the various types of property.

Table 17
Property Value by Category

	<u>Net Tax Capacity 2018/19</u>	<u>% of Total Net Tax Capacity</u>
Real Estate Only		
Residential	\$ 10,513,621	21.21%
Agricultural	27,798,780	56.09%
Residential Non-Homestead	2,966,021	5.99%
Public Utilities	740,409	1.49%
Commercial/Railroad/Public Utility	5,255,829	10.60%
Seasonal Recreational	<u>2,288,680</u>	<u>4.62%</u>
Total Real Estate	<u>\$ 49,563,340</u>	<u>100.00%</u>

Source: Polk County.

Property Tax Levies and Collections

The tax year in Minnesota is January 1 to December 31. Taxes are collected by the County Treasurer. The sequence of events in the taxation of property begins with the certification of the property tax levy to the County Auditor on or before December 28. The County Auditor then calculates the tax capacity rates and spreads the taxes designed to meet these property tax requirements. The resulting taxes on property are payable the following year. The due dates for taxes on real property are one-half on or before May 15 and one-half on or before October 15. The due dates for payment of personal property taxes are one-half on or before February 28 and one-half on or before June 30.

Penalties on unpaid taxes occur as follows: on May 16, unpaid property taxes (first one-half) are penalized at a rate of 3% on property classified as homestead and 7% on property classified as non-homestead. Thereafter, an additional 1% is charged on the first day of each month up to and including October 16 for both homestead and non-homestead property. On October 16 unpaid property taxes (second one-half) are penalized at a rate of 4% for both homestead and non-homestead property. Thereafter, an additional 2% on homestead property and 4% on non-homestead property is charged on the 16th day of each month up to and including December 16. An additional 2% penalty is charged on the first business day in January following the year in which the taxes were due, and interest is charged based on variable rates per annum, on the full amount of the taxes, penalties, and costs unpaid. Personal property tax not paid when due is penalized at a rate of 8%.

Table 18 shows the County's tax levies and collections for collection years 2015 through 2019.

Table 18
Tax Levies and Collections

<u>Collection Year</u>	<u>Gross Levy</u>	<u>Adjusted Net Tax Levy</u>	<u>Collected First Year</u>		<u>Collected as of 02/05/20</u>	
			<u>Amount</u>	<u>Percent of Net Levy</u>	<u>Amount</u>	<u>Percent of Net Levy</u>
2019	\$ 22,774,409	\$ 22,346,104	\$ 22,182,513	99.27%	\$ 22,282,592	99.72%
2018	22,105,661	21,615,060	21,489,655	99.42%	21,714,263	100.46%
2017	21,296,088	20,857,965	20,780,866	99.63%	21,050,989	100.93%
2016	20,823,785	20,392,430	20,352,618	99.80%	20,618,882	101.11%
2015	20,153,486	19,703,605	19,644,382	99.70%	19,908,974	101.04%

Source: Polk County.

Tax Rates

After governmental units have determined their property tax requirements for the budget year, the tax rate required to generate the tax revenue is applied by the County against the Net Tax Capacity of real and personal property in the County. Table 19 shows the tax rates for a resident of the City of Crookston for the past five years.

Table 19
Tax Rates

	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/14</u>
Polk County	44.103%	41.962%	41.786%	40.079%	41.716%
City of Crookston	57.367%	54.785%	58.720%	55.900%	64.959%
Crookston ISD No. 593	14.376%	12.777%	14.041%	15.341%	17.670%
Red Lake Watershed	5.306%	5.112%	4.138%	3.978%	3.680%
Regional Development Commission	<u>0.212%</u>	<u>0.200%</u>	<u>0.203%</u>	<u>0.190%</u>	<u>0.193%</u>
Total	<u>121.364%</u>	<u>114.836%</u>	<u>118.888%</u>	<u>115.488%</u>	<u>128.218%</u>

Source: Polk County.

Principal Taxpayers

Table 20 provides a listing of the largest taxpayers within the County for the 2019 collection year.

Table 20
Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business/Service</u>	<u>Net Tax Capacity</u>	<u>% of Total Net Tax Capacity</u>
Enbridge Energy LP	Utility	\$ 1,366,722	2.65%
American Crystal Sugar Co.	Commercial	1,155,708	2.24%
Burlington Northern	Railroad	642,855	1.25%
Ottertail Power Co.	Utility	321,476	0.62%
Portal Pipeline Co & Enbridge Pipelines	Utility	298,110	0.58%
Enbridge Pipelines LLC	Utility	276,608	0.54%
Viking Gas & Viking Gas Transmission	Utility	209,994	0.41%
Minnkota Power Co-op	Utility	194,706	0.38%
CHS Inc.	Farm	153,055	0.30%
Individual	Farm	<u>146,766</u>	<u>0.28%</u>
Total		<u>\$ 4,766,000</u>	<u>9.25%</u>

Source: Polk County.

RATING

The County has requested a rating on the Bonds from S&P Global Ratings (“S&P”). In addition, the County intends to participate in the Minnesota Public Facilities Authority Credit Enhancement Program in connection with the 2020A Bonds. The 2020B Bonds will carry the underlying rating of the County. A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the “Code”) and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “IRS”), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The County has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as “capital assets” (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the “issue price” of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The County has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being “Discount Bonds”). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes “original issue discount” (“OID”). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the

original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds. The Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount

with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for Federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, validity and issuance of the Bonds are subject to receipt of the legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, Bond Counsel. The opinions of Bond Counsel for each respective series of the Bonds is attached to this Official Statement as Appendix B. Copies of the opinion will be available at the time of the initial delivery of the Bonds.

MUNICIPAL ADVISOR

The County has retained PFM Financial Advisors LLC., of Minneapolis, Minnesota, as financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

Requests for information concerning the County should be addressed to PFM Financial Advisors LLC., 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612/338-3535).

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

CERTIFICATION

The County will furnish a certificate of the County Administrator to the effect that this Official Statement, to the best of such officer's knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and are not representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of any Bonds.

This Official Statement has been approved by the County for distribution by the County Administrator to prospective purchasers of the Bonds.

POLK COUNTY, MINNESOTA

By: _____
County Administrator

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APPENDIX A

**The County's Audited Financial Statements for the
Fiscal Year Ended December 31, 2018**

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APPENDIX B

Forms of Legal Opinion

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Polk County
Crookston, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Capital Improvement Plan Bonds, Series 2020A
 Polk County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Polk County, Minnesota (the “County”), of the obligations described above, dated, as originally issued, as of March [___], 2020 (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the County in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the County, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the County, but if necessary for payment thereof additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the County with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the County and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive

Dated this [____] day of March, 2020.

Very truly yours,

Polk County, Minnesota
Crookston, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Watershed District Refunding Bonds, Series 2020B
 Polk County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Polk County, Minnesota (the "County"), of the obligations described above, dated, as originally issued, as of March [___], 2020 (the "Bonds"), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the County in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the County, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from special assessments to be levied on property specially benefited by the improvements financed by the Bonds which have been pledged and appropriated for this purpose, but if necessary for payment thereof ad valorem taxes are required by law to be levied on all taxable property in the County, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the County with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4

above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the County and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [____] day of March, 2020.

Very truly yours,

APPENDIX C

Form of Continuing Disclosure

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FORM OF CONTINUING DISCLOSURE

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

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

- (1) on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2019, the following financial information and operating data in respect of the County (the "Disclosure Information"):
 - (A) the audited financial statements of the County for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: "Property Valuations and Taxes" and "Indebtedness," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board

("MSRB") through its Electronic Municipal Market Access System ("EMMA") or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a "Material Fact"):
- (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;
 - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (K) Rating changes;
 - (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
 - (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term "financial obligation" means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

(c) Manner of Disclosure.

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

(d) Term; Amendments; Interpretation.

- (1) The covenants of the County in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a

resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

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

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

APPENDIX D

Requests for Proposals

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REQUEST FOR PROPOSALS

\$2,935,000⁽¹⁾

GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2020A COUNTY OF POLK, MINNESOTA

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Sealed or electronic proposals for the purchase of \$2,935,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2020A (the “2020A Bonds”) of Polk County, Minnesota (the “County”), will be received in the offices of PFM Financial Advisors, LLC., 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 on Tuesday, February 18, 2020, until 10:00 A.M., Central Time at which time proposals will be opened and tabulated. The County will meet that same day to consider the proposals and award the sale. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected. No proposals may be altered or withdrawn after the time appointed for opening proposals. The Board of County Commissioners will meet on Tuesday, February 18, 2020, at their regular board meeting to consider the proposals and award the sale.

SECURITY AND SOURCE OF PAYMENT

The 2020A Bonds are being issued pursuant to Minnesota Statutes, Sections 373.40 and Chapter 475, for the purpose of (i) financing a portion of the cost of acquisition and betterment, including the necessary and incidental costs described in Minnesota Statutes, Section 475.65, for the capital improvement projects included in the County’s 2020-2024 Capital Improvement Plan, and (ii) paying the costs associated with the issuance of the 2020A Bonds.

The 2020A Bonds will be general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes.

FORM OF PROPOSALS

Proposals must be submitted on or in substantial compliance with the Request for Proposals provided by the County or through Parity® (the “Electronic Bid System”). The County shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bidding, facsimile facilities or the means used to deliver or complete a proposal. The use of such facilities or means is at the sole risk of the prospective proposer who shall be bound by the terms of the proposal as received.

No bid will be received after 10:00 A.M. Central Time on Tuesday, February 18, 2020, as specified in the Official Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all proposals submitted. A proposal may be withdrawn before the proposal deadline using the same method used to submit the proposal. If more than one proposal is received from a proposer, the last proposal received shall be considered.

Sealed Proposals: Sealed proposals may be submitted and will be received at the office of PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402.

Electronic Bidding: Electronic proposals must be submitted through Parity (the “Electronic Bid System”). Information about the Electronic Bid System may be obtained by contacting Parity® at i-Deal/Parity®, Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018 (212) 849-5021.

⁽¹⁾ Preliminary, subject to change

Each proposal shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Request for Proposals. The County is permitting proposers to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the County. Provisions of the Request for Proposals or Official Bid Form shall control in the event of conflict with information provided by the Electronic Bid System.

Electronic Facsimile Bidding: Proposals may be submitted via facsimile at the office of PFM Financial Advisors LLC, Minneapolis, Minnesota, fax number: 612-338-7264. Electronic facsimile bids will be sealed and treated as sealed proposals. Neither the proposer nor its agents will assume liability for the inability of the proposer to reach the above named fax number prior to the time of sale specified above. The time of receipt by the County must be prior to 10:00 A.M. Central Time on Tuesday, February 18, 2020, as maintained by the Electronic Bid System as described above.

DATE, MATURITIES AND REDEMPTION

The 2020A Bonds will be dated March 12, 2020, as the date of original issue and will mature on February 1, in the following years and the following amounts:

<u>Year</u>	<u>Amount⁽¹⁾</u>
2022	\$ 260,000
2023	265,000
2024	275,000
2025	280,000
2026	290,000
2027	300,000
2028	305,000
2029	315,000
2030	320,000
2031	325,000

⁽¹⁾ Preliminary, subject to change.

The 2020A Bonds are not subject to optional redemption.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST BID

The aggregate principal amount of the 2020A Bonds, and each scheduled maturity thereof, are subject to adjustment by the County or its designee after the determination of the successful bidder ("Purchaser"). Such adjustments shall be in the sole discretion of the County in multiples of \$5,000, provided that the County or its designee shall only make such adjustments in order to size the 2020A Bonds to establish a debt service structure that is acceptable to the County.

The dollar amount of the purchase price specified by the Purchaser will be changed if the aggregate principal amount of the 2020A Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the 2020A Bonds is increased or reduced; provided that the County's Municipal Advisor will make every effort to ensure that the net compensation to the Purchaser as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above.

TERM BOND OPTION

Proposers shall have the option of designating the 2020A Bonds as serial bonds or term bonds or both. The proposals must designate whether each of the principal amounts shown above present a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the principal amount scheduled shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both.

INTEREST

Interest on the 2020A Bonds will be payable annually on each February 1 and August 1, commencing August 1, 2020, to DTC which will in turn remit such principal and interest payments to the owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day ("Record Date"). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

BOOK-ENTRY ONLY SYSTEM

The 2020A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2020A Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the 2020A Bonds. So long as Cede & Co. is the registered owner of the 2020A Bonds, all payments of principal and interest will be made to the depository, which, in turn, will be obligated to remit such Payments to its participants for subsequent disbursement to the beneficial owners of the 2020A Bonds.

TYPE OF PROPOSAL AND AWARD

Proposals for **not less than \$2,905,650 (99% of par)** plus accrued interest from the dated date of the 2020A Bonds to the date of delivery must be received prior to the time specified above. Each proposal must specify the interest rates on the 2020A Bonds in multiples of 1/20 or 1/8 of 1%, and one rate per maturity. Interest will be computed on a 360-day year, 30-day month basis.

Proposals will be compared on the basis of true interest cost ("TIC"). The proposal which results in the lowest true interest cost will be deemed the most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the 2020A Bonds, produces an amount equal to the purchase price. In the event two or more proposals provide the lowest true interest cost, the County shall determine which proposal shall be accepted, and such determination shall be final.

The County reserves the right to reject any and all proposals, to waive any informality in any proposal and to adjourn the sale.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the 2020A Bonds for federal income tax purposes, the County requires proposers to agree to the following, and by submitting a proposal, each proposer agrees to the following.

If a proposal is submitted by a potential underwriter, the proposer confirms that (i) the underwriters have offered or reasonably expect to offer the 2020A Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the proposer, if it is the winning proposer (the "Purchaser"), shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the 2020A Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For

purposes hereof, 2020A Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the proposer’s own account in a capacity other than as an underwriter of the 2020A Bonds, and the proposer has no current intention to sell, reoffer, or otherwise dispose of the 2020A Bonds, the proposer shall notify the County to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the Purchaser intends to act as an underwriter, the County shall advise the Purchaser at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the County advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the County at or prior to closing a certification, substantially in the form attached hereto as Exhibit A-1, as to the reasonably expected initial offering price as of the award date.

If the County advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the “hold-the-offering price” rule applies, the Purchaser shall (1) upon the request of the County confirm that the underwriters did not offer or sell any maturity of the 2020A Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the County a certification substantially in the form attached hereto as Exhibit A-2, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the County pursuant hereto may be taken or received on behalf of the County by PFM Financial Advisors LLC, the County’s municipal advisor.

Proposers should prepare their proposals on the assumption that the 2020A Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Request for Proposals shall be considered a firm offer for the purchase of the 2020A Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the 2020A Bonds and the Purchaser must agree in the proposal to pay the cost thereof. In no event will the County, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said 2020A Bonds shall not be cause for the Purchaser to refuse to accept delivery of said 2020A Bonds. The County will assume no obligation for the assignment of CUSIP numbers to the 2020A Bonds or for the correctness of any such numbers printed thereon, but the County will permit such printing to be done at the expense of the Purchaser, provided that such printing does not result in any delay of the date of delivery of the 2020A Bonds.

GOOD FAITH DEPOSIT

A Good Faith Deposit (“Deposit”) in the form of a certified or cashier’s check payable to the County, or a wire transfer immediately following the award of the 2020A Bonds, in the amount of \$30,000, is required. The Deposit should be received or wire-transferred not later than 3:30 P.M. Central Time on the next business day following the award. If such Deposit is not received by that time, the County may resend its award to the winning bidder and award the sale of the 2020A Bonds to the next best bidder.

DELIVERY

The 2020A Bonds will be delivered without cost to the Purchaser, anywhere in the United States within 40 days against payment in immediately available funds, to a location mutually agreed upon by the Purchaser and the County. Delivery will be subject to the approving legal opinion of the County's Bond Counsel, Dorsey & Whitney LLP, Minneapolis, Minnesota and customary closing 2020A Bonds, including a certificate that the Official Statement did not at the date of delivery of the 2020A Bonds contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an arbitrage certificate. The 2020A Bonds will be delivered against payment in immediately available funds at the County's designated depository on the date of delivery. The 2020A Bonds will be available for delivery on or about March 12, 2020.

LEGAL OPINION

An opinion as to the validity of the 2020A Bonds and the exemption from taxation of the interest thereon will be furnished by Dorsey & Whitney LLP. The legal opinion will accompany the 2020A Bonds and will state that the 2020A Bonds are valid and binding general obligations of the County enforceable in accordance with their terms, except to the extent to which enforceability may be limited by principles of equity and by state or United States laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

BOND INSURANCE AT PURCHASER'S OPTION

If the 2020A Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the 2020A Bonds. Any increased costs of issuance of the 2020A Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the County has requested and received a rating on the 2020A Bonds from a rating agency, the County will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after the 2020A Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the 2020A Bonds.

CONTINUING DISCLOSURE

In order to permit prospectors for the 2020A Bonds and other participating underwriters in the primary offering of the 2020A Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the County will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding 2020A Bonds to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

RATING

The County has applied for a rating on the 2020A Bonds from S&P Global Ratings. The County intends for participation in the Minnesota Public Facilities Authority Credit Enhancement Program. A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the 2020A Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

CONCURRENT SALE

The County is also issuing \$1,625,000 General Obligation Watershed District Refunding Bonds, Series 2020B.

OFFICIAL STATEMENTS

The County has prepared an Official Statement dated February 10, 2020 which the County deems to be a preliminary or “near-final” Official Statement as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The Official Statement is available to prospective proposers and to others who request copies from the County or its Municipal Advisor, PFM Financial Advisors LLC

Not later than seven business days following the award of the 2020A Bonds, the County shall provide copies of the Final Official Statement, as that term is used in the Rule, to the Purchaser of the 2020A Bonds. The Final Official Statement will be the Official Statement dated February 10, 2020, modified to include the maturity dates and amounts, interest rates and reoffering yields or prices, and any other information required by law.

The Purchaser will be supplied with Final Official Statements in a quantity sufficient to meet their request. Up to 25 copies of the Final Official Statement will be furnished without cost.

ON BEHALF OF THE BOARD OF COUNTY COMMISSIONERS

/s/ Charles Whiting
Polk County Administrator

For further information contact:

PFM Financial Advisors LLC.
50 South Sixth Street, Suite 2250
Minneapolis, Minnesota 55402
(612) 338-3535
(612) 338-7264 (FAX)

REQUEST FOR PROPOSALS

\$1,625,000⁽¹⁾

GENERAL OBLIGATION WATERSHED DISTRICT REFUNDING BONDS, SERIES 2020B COUNTY OF POLK, MINNESOTA

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Sealed or electronic proposals for the purchase of \$1,625,000⁽¹⁾ General Obligation Watershed District Refunding Bonds, Series 2020B (the “2020B Bonds”) of Polk County, Minnesota (the “County”), will be received in the offices of PFM Financial Advisors, LLC., 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 on Tuesday, February 18, 2020, until 10:00 A.M., Central Time at which time proposals will be opened and tabulated. The County will meet that same day to consider the proposals and award the sale. The proposal offering to purchase the 2020B Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected. No proposals may be altered or withdrawn after the time appointed for opening proposals. The Board of County Commissioners will meet on Tuesday, February 18, 2020, at their regular board meeting to consider the proposals and award the sale.

SECURITY AND SOURCE OF PAYMENT

The 2020B Bonds are being issued pursuant to Minnesota Statutes, Chapters 103D and 475, to (i) effect a current refunding of the County’s General Obligation Watershed District Bonds, Series 2012, dated February 8, 2012 (the “Refunded Bonds”) and (ii) pay the costs associated with the issuance of the 2020B Bonds. The Refunded Bonds will be called for redemption on April 1, 2020.

The 2020B Bonds will be general obligations of the County for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes, but will be payable primarily from special assessments levied against benefited properties

FORM OF PROPOSALS

Proposals must be submitted on or in substantial compliance with the Request for Proposals provided by the County or through Parity® (the “Electronic Bid System”). The County shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bidding, facsimile facilities or the means used to deliver or complete a proposal. The use of such facilities or means is at the sole risk of the prospective proposer who shall be bound by the terms of the proposal as received.

No bid will be received after 10:00 A.M. Central Time on Tuesday, February 18, 2020, as specified in the Official Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all proposals submitted. A proposal may be withdrawn before the proposal deadline using the same method used to submit the proposal. If more than one proposal is received from a proposer, the last proposal received shall be considered.

Sealed Proposals: Sealed proposals may be submitted and will be received at the office of PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402.

Electronic Bidding: Electronic proposals must be submitted through Parity (the “Electronic Bid System”). Information about the Electronic Bid System may be obtained by contacting Parity® at i-Deal/Parity®, Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018 (212) 849-5021.

(1) Preliminary, subject to change

Each proposal shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Request for Proposals. The County is permitting proposers to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the County. Provisions of the Request for Proposals or Official Bid Form shall control in the event of conflict with information provided by the Electronic Bid System.

Electronic Facsimile Bidding: Proposals may be submitted via facsimile at the office of PFM Financial Advisors LLC, Minneapolis, Minnesota, fax number: 612-338-7264. Electronic facsimile bids will be sealed and treated as sealed proposals. Neither the proposer nor its agents will assume liability for the inability of the proposer to reach the above named fax number prior to the time of sale specified above. The time of receipt by the County must be prior to 10:00 A.M. Central Time on Tuesday, February 18, 2020, as maintained by the Electronic Bid System as described above.

DATE, MATURITIES AND REDEMPTION

The 2020B Bonds will be dated March 12, 2020, as the date of original issue and will mature on February 1, in the following years and the following amounts:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>
2021	\$ 125,000	2028	\$ 130,000
2022	120,000	2030	130,000
2023	120,000	2030	130,000
2024	120,000	2031	125,000
2025	125,000	2032	125,000
2026	125,000	2033	125,000
2027	125,000		

(1) Preliminary, subject to change.

The 2020B Bonds maturing on February 1, 2029 or after are subject to optional redemption on February 1, 2028 or any date thereafter at a price of par plus accrued interest to the redemption date.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST BID

The aggregate principal amount of the 2020B Bonds, and each scheduled maturity thereof, are subject to adjustment by the County or its designee after the determination of the successful bidder ("Purchaser"). Such adjustments shall be in the sole discretion of the County in multiples of \$5,000, provided that the County or its designee shall only make such adjustments in order to size the 2020B Bonds to establish a debt service structure that is acceptable to the County.

The dollar amount of the purchase price specified by the Purchaser will be changed if the aggregate principal amount of the 2020B Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the 2020B Bonds is increased or reduced; provided that the County's Municipal Advisor will make every effort to ensure that the net compensation to the Purchaser as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above.

TERM BOND OPTION

Proposers shall have the option of designating the 2020B Bonds as serial bonds or term bonds or both. The proposals must designate whether each of the principal amounts shown above present a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the principal amount scheduled shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both.

INTEREST

Interest on the 2020B Bonds will be payable annually on each February 1 and August 1, commencing August 1, 2020, to DTC which will in turn remit such principal and interest payments to the owners of record as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day ("Record Date"). Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

BOOK-ENTRY ONLY SYSTEM

The 2020B Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2020B Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the 2020B Bonds. So long as Cede & Co. is the registered owner of the 2020B Bonds, all payments of principal and interest will be made to the depository, which, in turn, will be obligated to remit such Payments to its participants for subsequent disbursement to the beneficial owners of the 2020B Bonds.

TYPE OF PROPOSAL AND AWARD

Proposals for **not less than \$1,608,2750 (99% of par)** plus accrued interest from the dated date of the 2020B Bonds to the date of delivery must be received prior to the time specified above. Each proposal must specify the interest rates on the 2020B Bonds in multiples of 1/20 or 1/8 of 1%, and one rate per maturity. No interest rate may be more than one percentage point lower than the rate specified for a prior maturity and no reoffering price may be lower than 99. Interest will be computed on a 360-day year, 30-day month basis.

Proposals will be compared on the basis of true interest cost ("TIC"). The proposal which results in the lowest true interest cost will be deemed the most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the 2020B Bonds, produces an amount equal to the purchase price. In the event two or more proposals provide the lowest true interest cost, the County shall determine which proposal shall be accepted, and such determination shall be final.

The County reserves the right to reject any and all proposals, to waive any informality in any proposal and to adjourn the sale.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the 2020B Bonds for federal income tax purposes, the County requires proposers to agree to the following, and by submitting a proposal, each proposer agrees to the following.

If a proposal is submitted by a potential underwriter, the proposer confirms that (i) the underwriters have offered or reasonably expect to offer the 2020B Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the proposer, if it is the winning proposer (the "Purchaser"), shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the 2020B Bonds to the public to which it is a party to

include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, 2020B Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the proposer’s own account in a capacity other than as an underwriter of the 2020B Bonds, and the proposer has no current intention to sell, reoffer, or otherwise dispose of the 2020B Bonds, the proposer shall notify the County to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the Purchaser intends to act as an underwriter, the County shall advise the Purchaser at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the County advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the County at or prior to closing a certification, substantially in the form attached hereto as Exhibit E-1, as to the reasonably expected initial offering price as of the award date.

If the County advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the “hold-the-offering price” rule applies, the Purchaser shall (1) upon the request of the County confirm that the underwriters did not offer or sell any maturity of the 2020B Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the County a certification substantially in the form attached hereto as Exhibit E-2, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the County pursuant hereto may be taken or received on behalf of the County by PFM Financial Advisors LLC, the County’s municipal advisor.

Proposers should prepare their proposals on the assumption that the 2020B Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Request for Proposals shall be considered a firm offer for the purchase of the 2020B Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the 2020B Bonds and the Purchaser must agree in the proposal to pay the cost thereof. In no event will the County, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said 2020B Bonds shall not be cause for the Purchaser to refuse to accept delivery of said 2020B Bonds. The County will assume no obligation for the assignment of CUSIP numbers to the 2020B Bonds or for the correctness of any such numbers printed thereon, but the County will permit such printing to be done at the expense of the Purchaser, provided that such printing does not result in any delay of the date of delivery of the 2020B Bonds.

GOOD FAITH DEPOSIT

A Good Faith Deposit (“Deposit”) in the form of a certified or cashier’s check payable to the County, or a wire transfer immediately following the award of the 2020B Bonds, in the amount of \$15,000, is required. The Deposit should be received or wire-transferred not later than 3:30 P.M. Central Time on the next business day following the award. If such Deposit is not received by that time, the County may resend its award to the winning bidder and award the sale of the 2020B Bonds to the next best bidder.

DELIVERY

The 2020B Bonds will be delivered without cost to the Purchaser, anywhere in the United States within 40 days against payment in immediately available funds, to a location mutually agreed upon by the Purchaser and the County. Delivery will be subject to the approving legal opinion of the County's Bond Counsel, Dorsey & Whitney LLP, Minneapolis, Minnesota and customary closing 2020B Bonds, including a certificate that the Official Statement did not at the date of delivery of the 2020B Bonds contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an arbitrage certificate. The 2020B Bonds will be delivered against payment in immediately available funds at the County's designated depository on the date of delivery. The 2020B Bonds will be available for delivery on or about March 12, 2020.

LEGAL OPINION

An opinion as to the validity of the 2020B Bonds and the exemption from taxation of the interest thereon will be furnished by Dorsey & Whitney LLP. The legal opinion will accompany the 2020B Bonds and will state that the 2020B Bonds are valid and binding general obligations of the County enforceable in accordance with their terms, except to the extent to which enforceability may be limited by principles of equity and by state or United States laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

BOND INSURANCE AT PURCHASER'S OPTION

If the 2020B Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the 2020B Bonds. Any increased costs of issuance of the 2020B Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the County has requested and received a rating on the 2020B Bonds from a rating agency, the County will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after the 2020B Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the 2020B Bonds.

CONTINUING DISCLOSURE

In order to permit prospectors for the 2020B Bonds and other participating underwriters in the primary offering of the 2020B Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the County will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding 2020B Bonds to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

RATING

The County has applied for a rating on the 2020B Bonds from S&P Global Ratings. A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

CONCURRENT SALE

The County is also issuing \$2,935,000 General Obligation Capital Improvement Plan Bonds, Series 2020A.

OFFICIAL STATEMENTS

The County has prepared an Official Statement dated February 10, 2020 which the County deems to be a preliminary or “near-final” Official Statement as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The Official Statement is available to prospective proposers and to others who request copies from the County or its Municipal Advisor, PFM Financial Advisors LLC

Not later than seven business days following the award of the 2020B Bonds, the County shall provide copies of the Final Official Statement, as that term is used in the Rule, to the Purchaser of the 2020B Bonds. The Final Official Statement will be the Official Statement dated February 10, 2020, modified to include the maturity dates and amounts, interest rates and reoffering yields or prices, and any other information required by law.

The Purchaser will be supplied with Final Official Statements in a quantity sufficient to meet their request. Up to 25 copies of the Final Official Statement will be furnished without cost.

ON BEHALF OF THE BOARD OF COUNTY COMMISSIONERS

/s/ Charles Whiting
Polk County Administrator

For further information contact:

PFM Financial Advisors LLC.
50 South Sixth Street, Suite 2250
Minneapolis, Minnesota 55402
(612) 338-3535
(612) 338-7264 (FAX)

EXHIBIT A-1

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. Defined Terms. For purposes of this Issue Price Certificate:

(a) *Issuer* means [DESCRIBE ISSUER].

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Public* means any person (i.e., an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT A-2

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”])(the “Representative”)[, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. **Initial Offering Price of the Bonds.** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B. [Attached as Schedule C is a list of each Maturity that was sold on the Sale Date or during the Holding Period for such Maturity showing for each sale the principal amount, time and price of such sale, and a statement whether the sale was to the Public.]

2. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

3. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) **Holding Period** means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **Issuer** means [DESCRIBE ISSUER].

(c) **Maturity** means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) **Member of the Distribution Group** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) **Public** means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value

of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____
Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE
(Attached)

SCHEDULE C

**SALES OF LISTED MATURITIES ON THE SALE DATE
OR DURING THE RESPECTIVE HOLDING PERIOD**

(Attached)

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OFFICIAL PROPOSAL FORM

(Electronic and Sealed Proposals Accepted)

\$2,935,000⁽¹⁾

**General Obligation Capital Improvement Plan Bonds, Series 2020A
County of Polk, Minnesota**

Board of County Commissioners
c/o PFM Financial Advisors LLC
FAX: (612)-338-7264

Sale Date: February 18, 2020

For all or none of the principal amount of \$2,935,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2020A (the "2020A Bonds"), for Polk County (the "County"), legally issued and as described in the Request for Proposals, we will pay the County \$_____ (not less than \$2,905,650) plus accrued interest on the total principal of \$2,935,000⁽¹⁾ to date of delivery, provided the 2020A Bonds bear interest at the following rates:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate*</u>	<u>Yield*</u>
2022	\$ 260,000	_____ %	_____ %
2023	265,000	_____ %	_____ %
2024	275,000	_____ %	_____ %
2025	280,000	_____ %	_____ %
2026	290,000	_____ %	_____ %
2027	300,000	_____ %	_____ %
2028	305,000	_____ %	_____ %
2029	315,000	_____ %	_____ %
2030	320,000	_____ %	_____ %
2031	325,000	_____ %	_____ %

⁽¹⁾ Preliminary, subject to change.

We hereby designate that the following bonds be aggregated into term bonds maturing on February 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

Years Aggregated	Maturity Year	Amount
_____ through _____	_____	_____
_____ through _____	_____	_____

The 2020A Bonds mature on February 1 in each of the years as indicated above and interest is payable semi-annually each February 1 and August 1, commencing August 1, 2020.

In making this offer, we accept the terms and conditions as defined in the Request for Proposals published in the Official Statement dated February 10, 2020 and confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. Our good faith deposit in the amount of \$30,000 will be filed according to the terms outlined in the Request for Proposal. All blank spaces of this offer are intentional and are not to be construed as an omission.

NOT PART OF THIS PROPOSAL:

Respectfully submitted,

Explanatory Note: According to our computation, this proposal involves the following:

\$ _____
Net Interest Cost

_____ %
True Interest Rate (TIC)

Account Manager

By _____

(A list of account members is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of the County of Polk, Minnesota, on this 18th day of Feb., 2020.

County Administrator

Chairman of the Board

(This page has been left blank intentionally.)

OFFICIAL PROPOSAL FORM

(Electronic and Sealed Proposals Accepted)

\$1,625,000⁽¹⁾

**General Obligation Watershed District Refunding Bonds, Series 2020B
County of Polk, Minnesota**

Board of County Commissioners
c/o PFM Financial Advisors LLC
FAX: (612)-338-7264

Sale Date: February 18, 2020

For all or none of the principal amount of \$1,625,000⁽¹⁾ General Obligation Watershed District Refunding Bonds, Series 2020B (the "2020B Bonds"), for Polk County (the "County"), legally issued and as described in the Request for Proposals, we will pay the County \$_____ (not less than \$1,608,750) plus accrued interest on the total principal of \$1,625,000⁽¹⁾ to date of delivery, provided the Bonds bear interest at the following rates:

<u>Year</u>	<u>Amount</u> ⁽¹⁾	<u>Rate</u> *	<u>Yield</u> *	<u>Year</u>	<u>Amount</u> ⁽¹⁾	<u>Rate</u> *	<u>Yield</u> *
2021	\$ 125,000	_____ %	_____ %	2028	130,000	_____ %	_____ %
2022	120,000	_____ %	_____ %	2029	130,000	_____ %	_____ %
2023	120,000	_____ %	_____ %	2030	130,000	_____ %	_____ %
2024	120,000	_____ %	_____ %	2031	125,000	_____ %	_____ %
2025	125,000	_____ %	_____ %	2032	125,000	_____ %	_____ %
2026	125,000	_____ %	_____ %	2033	125,000	_____ %	_____ %
2027	125,000	_____ %	_____ %				

⁽¹⁾ Preliminary, subject to change.

We hereby designate that the following bonds be aggregated into term bonds maturing on February 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____

The 2020B Bonds mature on February 1 in each of the years as indicated above and interest is payable semi-annually each February 1 and August 1, commencing August 1, 2020.

In making this offer, we accept the terms and conditions as defined in the Request for Proposals published in the Official Statement dated February 10, 2020 and confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. Our good faith deposit in the amount of \$15,000 will be filed according to the terms outlined in the Request for Proposal. All blank spaces of this offer are intentional and are not to be construed as an omission.

NOT PART OF THIS PROPOSAL:

Explanatory Note: According to our computation, this proposal involves the following:

\$ _____
Net Interest Cost

_____ %
True Interest Rate (TIC)

Respectfully submitted,

Account Manager

By _____

(A list of account members is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of the County of Polk, Minnesota, on this 18th day of Feb., 2020.

County Administrator

Chairman of the Board