

**ADDENDUM DATED DECEMBER 7, 2017
TO PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 30, 2017**

New Issue

HOUSTON COUNTY, MINNESOTA

\$9,215,000

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017A

PROPOSAL OPENING: December 11, 2017, 12:00 P.M. (Noon) C.T.

The Treasury announced today that they will suspend the sale of SLGS on Friday, December 8, 2017. Due to this suspension, this issue will now be considered an advance partial net cash refunding of certain outstanding obligations of the County. Following are the pages of the Preliminary Official Statement which have been revised.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 30, 2017

In the opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (the "Code"), and certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Such interest is included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions and in adjusted current earnings of corporations for federal alternative minimum tax purposes. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "TAX EXEMPTION" and "RELATED TAX CONSIDERATIONS".

New Issue

Rating Application Made: S&P Global Ratings

HOUSTON COUNTY, MINNESOTA

\$9,215,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017A

PROPOSAL OPENING: December 11, 2017, 12:00 P.M. (Noon), C.T.

CONSIDERATION: December 12, 2017, 9:00 A.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$9,215,000* General Obligation Refunding Bonds, Series 2017A (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapters 475 and 641, and Section 475.67, by Houston County, Minnesota (the "County"), for the purpose of effecting an advance partial net cash refunding of certain outstanding general obligations of the County as more fully described herein. The Bonds will be general obligations of the County for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: December 27, 2017

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$50,000	2024	\$430,000	2029	\$1,205,000
2020	50,000	2025	875,000	2030	1,250,000
2021	50,000	2026	1,085,000	2031	1,315,000
2022	185,000	2027	1,130,000		
2023	425,000	2028	1,165,000		

MATURITY ADJUSTMENTS: * The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing February 1, 2028 and thereafter are subject to call for prior redemption on February 1, 2027 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$9,122,850

MAXIMUM PROPOSAL: \$9,860,050

GOOD FAITH DEPOSIT: A cashier's check in the amount of \$184,300 may be submitted contemporaneously with the proposal or, alternatively, a good faith deposit shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation, Roseville, Minnesota

ESCROW AGENT: Zions Bank, a division of ZB, National Association, Chicago, Illinois

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein is deemed by the issuer to be final as of the date hereof for purposes of SEC Rule 15c2-12(b)(1), however, the pricing and underwriting information is subject to revision, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Houston County, Minnesota (the "County") and the issuance of its \$9,215,000* General Obligation Refunding Bonds, Series 2017A (the "Bonds") or the "Obligations". Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds (the "Award Resolution") to be adopted by the Board of Commissioners on December 12, 2017.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the County's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 27, 2017. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bank, a division of ZB, National Association, Chicago, Illinois, as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent and Escrow Agent services. The City reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the County, the Bonds maturing on or after February 1, 2028 shall be subject to optional redemption prior to maturity on February 1, 2027 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapters 475 and 641, and Section 475.67, for the purpose of effecting an advance partial net cash refunding of the County’s \$7,250,000 General Obligation Jail Bonds, Series 2009C (the “Series 2009C Bonds”) and the County's \$5,220,000 General Obligation Jail Bonds, Series 2010B (the "Series 2010B Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue		Maturity	Interest Rates	Principal to be Paid by the County	CUSIP Base 442056
Series 2009C Bonds	10/27/09	Paid at maturity	2019	3.00%	\$265,000	AP2
		Paid at maturity	2020	3.00%	505,000	AQ0
		Paid at maturity	2021	3.25%	525,000	AR8
		Paid at maturity	2022	3.25%	550,000	AS6
		Paid at maturity	2023	3.25%	575,000	AT4
		Paid at maturity	2024	3.25%	600,000	AU1
		Paid at maturity	2025	3.50%	<u>185,000</u>	AV9
Total Maturities Being Paid by the County					<u>\$3,205,000</u>	
			Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 442056
		Call Date	Call Price			
		2/1/20	Par			
			2025	3.50%	\$440,000	AV9
			2026	3.50%	655,000	AW7
			2027	3.75%	685,000	AX5
			2028	3.75%	720,000	AY3
			2029	4.00%	755,000	AZ0
			2030	4.00%	<u>790,000</u>	BA4
Total Maturities Being Refunded					<u>\$4,045,000</u>	

The Bonds are being sold in advance of the call date of the Series 2009C Bonds and proceeds of the Bonds will be invested in accordance with the Internal Revenue Code of 1986, as amended. Acceptance of a bid is dependent upon a satisfactory escrow account being established in an amount sufficient to pay interest on the callable portion of the Series 2009C Bonds from December 27, 2017 through February 1, 2020 and to pay the principal being refunded on the Series 2009C Bonds on February 1, 2020. The County will establish an escrow account with direct obligations of the U.S. Government. Actuarial services necessary to ensure adequacy of the escrow account to provide timely payment of the Series 2009C Bonds to be refunded on the call date will be performed by a certified public accountant.

The County will continue to pay the principal of and interest due on the non-callable Series 2009C Bonds through February 1, 2020.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 442056
Series 2010B Bonds	12/7/10	2/1/21	Par	2023 (term)	4.000%	\$610,000	BN6
				2024	4.000%	435,000	BP1
				2025	4.000%	450,000	BQ9
				2026	4.000%	455,000	BR7
				2027	4.000%	470,000	BS5
				2028	4.000%	475,000	BT3
				2029	4.125%	485,000	BU0
				2030	4.250%	500,000	BV8
				2031	4.250%	<u>1,340,000</u>	BW6
Total Series 2010B Bonds Being Refunded						<u>\$5,220,000</u>	

The Bonds are being sold in advance of the call date of the Series 2010B Bonds and proceeds of the Bonds will be invested in accordance with the Internal Revenue Code of 1986, as amended. Acceptance of a bid is dependent upon a satisfactory escrow account being established in an amount sufficient to pay interest on the callable portion of the Series 2010B Bonds from December 27, 2017 through February 1, 2021 and to pay the principal being refunded on the Series 2010B Bonds on February 1, 2021. The County will establish an escrow account with direct obligations of the U.S. Government. Actuarial services necessary to ensure adequacy of the escrow account to provide timely payment of the Series 2010B Bonds to be refunded on the call date will be performed by a certified public accountant.

The County will continue to pay the interest due on the non-callable Series 2010B Bonds through February 1, 2021.

ESTIMATED SOURCES AND USES

Sources		
Par Amount of Bonds	\$9,215,000	
Estimated Reoffering Premium	757,717	
Transfer from Prior Issue Debt Service Funds	<u>182,000</u>	
Total Sources		\$10,154,717
Uses		
Deposit to Net Cash Escrow Fund	\$9,965,049	
Contingency	2,167	
Estimated Discount	92,150	
Finance Related Expenses	<u>95,350</u>	
Total Uses		\$10,154,717

SECURITY

The Bonds are general obligations of the County for which its full faith, credit and taxing powers are pledged without limit as to rate or amount. In accordance with Minnesota Statutes, the County will levy each year an amount not less than 105% of the debt service requirements on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the County is required to levy an ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

General obligation debt of the County, with the exception of any outstanding credit enhanced issues, is currently rated "AA-" by S&P Global Ratings.

The County has requested a rating on this issue from S&P Global Ratings, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P Global Ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total g.o. debt being paid from taxes (includes the Bonds)*	<u><u>\$14,715,000</u></u>
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*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

HOUSTON COUNTY, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Taxes
(As of 12/27/17)

Fiscal Year Ending	CIP Series 2009B		Jail Series 2009C		CIP Series 2010A		Jail Series 2010B		Refunding 1 Series 2017A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	10/27/09	12/07/10	12/07/10	12/07/10	12/27/17	12/27/17								
2018	\$2,865,000	2/01	\$7,250,000	\$2,695,000	\$5,220,000	\$9,215,000*	0	0	0	191,277	780,000	566,890	1,346,890	13,935,000	5.30%	2018
2019							0	0	50,000	321,025	855,000	673,623	1,528,623	13,080,000	11.11%	2019
2020							0	0	50,000	319,525	880,000	647,329	1,527,329	12,200,000	17.09%	2020
2021							0	0	50,000	318,025	995,000	510,857	1,505,857	11,205,000	23.85%	2021
2022							0	0	185,000	303,363	1,000,000	371,605	1,336,605	10,240,000	30.41%	2022
2023							0	0	425,000	288,400	1,030,000	338,681	1,338,681	9,240,000	37.21%	2023
2024							0	0	430,000	265,563	1,080,000	304,625	1,334,625	8,210,000	44.21%	2024
2025							0	0	875,000	231,263	1,085,000	268,800	1,328,800	7,150,000	51.41%	2025
2026							0	0	1,085,000	192,500	1,130,000	231,263	1,316,263	6,085,000	58.78%	2026
2027							0	0	1,130,000	152,338	1,130,000	192,500	1,322,500	4,935,000	66.46%	2027
2028							0	0	1,165,000	110,863	1,165,000	152,338	1,317,338	3,770,000	74.38%	2028
2029							0	0	1,205,000	67,900	1,205,000	110,863	1,315,863	2,565,000	82.57%	2029
2030							0	0	1,250,000	23,013	1,250,000	67,900	1,317,900	1,315,000	91.06%	2030
2031							0	0	1,315,000	3,099,090	1,315,000	23,013	1,338,013	0	100.00%	2031
											14,715,000	4,460,284	19,175,284			

*Preliminary, subject to change.

1) This issue is refunding a portion of the 2025 maturity and all of the 2026 through 2030 maturities of the County's \$7,250,000 General Obligation Jail Bonds, Series 2009C, dated October 27, 2009. This issue is also refunding the 2022 through 2031 maturities of the County's \$5,220,000 General Obligation Jail Bonds, Series 2010B, dated December 7, 2010. The Escrow Account is responsible for paying the interest on the callable portion of the Series 2009C Bonds and the Series 2010B Bonds from December 27, 2017 through the respective Call Dates, and to pay the principal to be refunded on the Series 2009C Bonds and the Series 2010B Bonds on the respective Call Dates. Therefore, the refunded issues have not been included above and have not been included in the calculation of debt ratios.

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt: (1) obligations payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations issued to finance any public revenue producing convenience; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) funds held as sinking funds for payment of principal and interest on debt other than those deductible under 1-4 above; (6) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2016/17 Assessor's Estimated Market Value	\$2,371,567,000
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 71,147,010
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds of this offering)*	<u>(14,715,000)</u>
Unused Debt Limit*	<u><u>\$ 56,432,010</u></u>

*Preliminary, subject to change.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$2,442,128,622)	Debt/ Current Population Estimate (18,812)
Direct G.O. Debt Being Paid From:			
Taxes*	<u>\$ 14,715,000</u>		
Tax Supported General Obligation Debt*	\$ 14,715,000	0.60%	\$782.21
 County's Share of Total Underlying Debt	 <u>\$ 35,187,409</u>	 <u>1.44%</u>	 <u>\$1,870.48</u>
 Total*	 <u><u>\$ 49,902,409</u></u>	 <u><u>2.04%</u></u>	 <u><u>\$2,652.69</u></u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The County has no current plans for additional financing in the next 12 months.

FORM OF LEGAL OPINION

(See following page)



Houston County
Caledonia, Minnesota

[Purchaser]

Re: \$9,215,000 General Obligation Refunding Bonds, Series 2017A
Houston County, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel to Houston County, Minnesota (the Issuer) in connection with the authorization, issuance and sale by the Issuer of the obligations described above, dated, as originally issued, as of December 27, 2017 (the Bonds). For the purpose of rendering this opinion, we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the Issuer 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 Issuer, enforceable in accordance with their terms.
2. To the extent the Bonds are not paid from other funds, ad valorem taxes are required by law to be levied on all taxable property in the Issuer for payment of the principal of and interest on the Bonds, which taxes are not subject to any limitation as to rate or amount.
3. Interest on the Bonds (a) is not includable in gross income for federal income tax purposes or in taxable net income of individuals, estates or trusts for Minnesota income tax purposes; (b) is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax; (c) is not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts; and (d) is includable in adjusted current earnings of corporations in determining alternative minimum taxable income for purposes of federal and Minnesota alternative minimum taxes.
4. The County has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the Code), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

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 and 4 above are subject to the condition of the Issuer's compliance with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon may be, and continue to be, excluded from gross income for federal income tax purposes and that the Bonds may be and continue to be qualified tax-exempt obligations. The Issuer has covenanted to comply with these continuing requirements. Its failure to do so could result in the inclusion of interest on the Bonds in federal gross income and in Minnesota taxable net income, retroactive to the date of issuance of the Bonds. Except as stated in this opinion, we express no opinion regarding federal, state or other tax consequences to holders of the Bonds.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and, accordingly, we express no opinion with respect thereto.

Dated: December ____, 2017

Very truly yours,

APPENDIX E

TERMS OF PROPOSAL

\$9,215,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017A HOUSTON COUNTY, MINNESOTA

Proposals for the purchase of \$9,215,000* General Obligation Refunding Bonds, Series 2017A (the "Bonds") of Houston County, Minnesota (the "County") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the County, until 12:00 P.M. (Noon), Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 12:00 P.M. (Noon), Central Time, on December 11, 2017, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Commissioners for consideration for award by resolution at a meeting to be held at 9:00 A.M., Central Time, on December 12, 2017. 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.

PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapters 475 and 641, and Section 475.67, by the County, for the purpose of effecting an advance partial net cash refunding of certain outstanding general obligations of the County as more fully described herein. The Bonds will be general obligations of the County for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated December 27, 2017, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$50,000	2024	\$430,000	2029	\$1,205,000
2020	50,000	2025	875,000	2030	1,250,000
2021	50,000	2026	1,085,000	2031	1,315,000
2022	185,000	2027	1,130,000		
2023	425,000	2028	1,165,000		

ADJUSTMENT OPTION

* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP, Minneapolis, Minnesota, bond counsel to the County.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$9,122,850 plus accrued interest on the principal sum of \$9,215,000 from date of original issue of the Bonds to date of delivery. **The maximum proposal allowed is \$9,860,050.** Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Terms of Proposal until 12:00 P.M. (Noon), Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the County nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$184,300 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138.** Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The County and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

PROPOSAL FORM

**The Board of Commissioners
Houston County, Minnesota**

December 12, 2017

RE: \$9,215,000* General Obligation Refunding Bonds, Series 2017A
DATED: December 27, 2017

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$9,122,850, **and not more than \$9,860,050**) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2019	_____	% due	2024	_____	% due	2029
_____	% due	2020	_____	% due	2025	_____	% due	2030
_____	% due	2021	_____	% due	2026	_____	% due	2031
_____	% due	2022	_____	% due	2027			
_____	% due	2023	_____	% due	2028			

* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$184,300, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the proposal opening time. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. If our proposal is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about December 27, 2017.

This proposal is subject to the County's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: NO: .

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 27, 2017 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Board of Commissioners of Houston County, Minnesota, on December 12, 2017.

By: _____	By: _____
Title: _____	Title: _____