

**ARLINGTON CITY COUNCIL
MEETING AGENDA
FEBRUARY 18, 2014 AT 6:30 PM
COUNCIL CHAMBERS**

The City Council is provided background information for agenda items in advance by city staff, committees and boards. Many decisions regarding agenda items are based upon this information, as well as: City policy and practices, input from constituents, questions or information that has not yet been presented or discussed regarding an agenda item. If you have a concern or question, please ask to be recognized by the Mayor during the "Citizens addressing the Council" portion of the agenda— state your name and address for the record. Please keep comments under 5 minutes. Individuals wishing to speak for more than five minutes should ask to be included on the agenda in advance. All comments are appreciated, but please refrain from personal or derogatory attacks on individuals.

1. Call meeting to order and Pledge of Allegiance
2. Roll Call
3. Approve the agenda and any agenda additions

CONSENT AGENDA

The items listed for consideration will be enacted by one motion unless the Mayor, a member of the City Council, City Staff or a person in attendance requests an item to be removed from the Agenda.

4. Approval of Consent Agenda
 - A) Approval of the February 3rd Regular Meeting Minutes.
 - B) Approval of Bills.

PUBLIC HEARINGS

5. Application for Funding to the Department of Employment and Economic Development (DEED) on Behalf of the Developer of Highland Commons Apartments, Bachand Group.

PETITIONS, REQUESTS, & COMMUNICATIONS

6. Addressing the Council
 - A) Citizens Addressing the Council.
7. Announcements
 - A) 2014 Annual Meeting of the Sibley County Economic Development Commission (SEDCO), February 20, 2014, Winthrop.
 - B) Legislative Conference for Cities, Counties, Schools and Townships, February 27, 2014, St. Paul.
 - C) Five-Year Plan Workshop with Tom Olinger, ABDO, EICK & MEYERS, LLP; March 3, 2014 at 5:00 p.m., Arlington Council Chambers.
 - D) 2014 LMCIT Safety & Loss Control Workshops, Various Locations, April, 2014.
 - E) Local Board of Appeal and Equalization Open Book Meeting: Tuesday, April 22, 2014; 3-8 p.m. Sibley County Assessor's Office, Gaylord.

8. Communications
 - A) January Financial Reports
 - B) Water Fluoridation Quality Award for 2012.
 - C) City Administrator's Project List.

REPORTS OF OFFICERS, BOARDS & COMMITTEES

9. Yearly Arlington Historical Society Update.

ORDINANCES & RESOLUTIONS

10. Ordinances
11. Resolutions
 - A) 18-2014 – Gambling Permit for St. Mary's Catholic Church, Catholic HEART Workcamp.
 - B) 19-2014 – Gambling Permit for Ridgeview Sibley Medical Center, Raffle on December 6, 2014.
 - C) 20-2014 – Authorizing The City of Arlington to Act as the Legal Sponsor for Highland Commons Apartments.

UNFINISHED BUSINESS

12. Review Bids for 2014 Electrical Improvement Project. (Heartland Engineering)
 - A) Resolution 21-2014 Accepting Bid and Awarding Contract.
 - B) Review Construction Schedule.
 - C) Schedule Open House for Monday, April 7, 2014.
13. Review Bids for GO Equipment Certificate for Purchase of 2014 Pumper Truck.
 - A) 22-2014 – Authorizing Issuance & Awarding Sale of GO Equipment Certificate, Series 2014A.

NEW BUSINESS

MISCELLANEOUS BUSINESS

14. Council Committee Updates
15. Open Discussion

ADJOURNMENT

Reminders:

Parks – February 24th @ 7 pm
EDA – February 25th @ 6 pm

**ARLINGTON CITY COUNCIL
MEETING MINUTES
FEBRUARY 18, 2014**

The regular meeting was called to order at 6:30 p.m., Mayor Kreft presiding.

Members present: Mayor Kreft, Nuesse, Reetz, Ruehling, Wills

Members absent: Jaszewski

Also present: City Administrator Donabauer, Dwight Grabitske, Larissa Tadavarthy, Kurt Menk

Motion by Ruehling, seconded by Nuesse, and passed by unanimous vote to approve the agenda as presented.

Motion by Wills, seconded by Nuesse, and passed by unanimous vote to approve the consent agenda as follows:

- A) Approval of the February 3rd Regular Meeting Minutes
- B) Approval of Bills.

Mayor Kreft recessed the regular meeting to hold a public hearing.

Mayor Kreft called to order the public hearing regarding the application for funding to the Department of Employment and Economic Development (DEED) on behalf of the Developer of Highland Commons Apartments, Bachand Group. Larissa Tadavarthy, a Representative of the Bachand Group, was present and gave a brief history about the property. She explained that it was the intent of the Bachand Group to use the funds to rehabilitate the property (all 47 units, more specifically safety issues, new elevator, subflooring issues, appliances, hvac system, windows, etc.). She further explained that because the funds were of state/federal origin the City was being asked to 'sponsor' the application, as the Bachand Group was not eligible by itself. It was noted that the City was not undertaking any liability by sponsoring the application. As sponsor, the City would only process the grant funds (cut checks) and the Southwest Minnesota Housing Partnership (SMHP) would administer the project (per DEED's recommendation). DEED would put a lien on the building complex. It was noted that the loan would be a deferred loan for 30 years in the amount of \$262,200; if awarded in June. Tadavarthy stated that construction would start shortly after being awarded and completed by year-end, with total rehabilitation being worth over \$2 million. She stated that the tenants will be allowed to remain living in the facilities during construction with as minimal inconvenience as possible. Adm. Donabauer stated that City Attorney Arneson had reviewed the application request and submitted his comments via a memo to the Council as he could not attend the meeting.

Motion by Ruehling, seconded by Nuesse, and passed by unanimous vote to adjourn the public hearing.

Mayor Kreft adjourned the public hearing and reconvened the regular meeting at 6:43 p.m.

Councilmember Nuesse introduced the following resolution and moved for its adoption:

RESOLUTION 20-2014

**A RESOLUTION AUTHORIZING THE CITY OF ARLINGTON TO ACT AS THE
LEGAL SPONSOR FOR HIGHLAND COMMONS APARTMENTS**

BE IT RESOLVED that City of Arlington (Applicant) act as the legal sponsor for the project contained in the Application to be submitted on February 27, 2014 and that Mayor Jim Kreft and City Administrator Liza Donabauer

are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the developer of Highland Commons Apartments, Bachand Group (party to the application).

BE IT FURTHER RESOLVED that City of Arlington (Applicant) has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Arlington (Applicant) has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the State, City of Arlington (Applicant) may enter into an agreement with the State of Minnesota for the approved project, and that City of Arlington (Applicant) certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW, THEREFORE BE IT RESOLVED that Mayor Jim Kreft and City Administrator Liza Donabauer, or their successors in office, are hereby authorized to execute such agreements and amendments thereto, as are necessary to implement the project on behalf of the applicant.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Reetz and upon poll being taken thereon the following voted in favor thereof: Nuesse, Reetz, Ruehling, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: Jaszewski.

The foregoing resolution was adopted by the City Council of the City of Arlington this 18th day of February, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

It was noted that there were no citizens present to address the Council on non-agenda items.

The following announcements were reviewed:

- A) 2014 Annual Meeting of the Sibley County Economic Development Commission (SEDCO), February 20, 2014, Winthrop
- B) Legislative Conference for Cities, Counties, Schools and Townships, February 27, 2014, St. Paul
- C) Five-Year Plan Workshop with Tom Olinger, ABDO, EICK & MEYERS, LLP; March 3, 2014 at 5:00 p.m., Arlington Council Chambers
- D) 2014 LMCIT Safety & Loss Control Workshops, Various Locations, April, 2014
- E) Local Board of Appeal and Equalization Open Book Meeting: Tuesday, April 22, 2014; 3-8 p.m., Sibley County Assessor's Office, Gaylord.

The Council reviewed the following communications:

- A) January Financial Reports
- B) Water Fluoridation Quality Award for 2012
- C) City Administrator's Project List.

Arlington Historical Society Secretary Dwight Grabitske presented the Annual Historical Society Report. He commented that the AHS received a grant from the Cable Commission; the funds will be used to purchase a computer, software, projector and microphone. The equipment will be used to help get information out to the public. Grabitske also talked about the AHS's goals. He also commented that AHS is trying to identify/designate Arlington's 'historic' landmarks.

Councilmember Wills introduced the following resolution and moved for its adoption:

RESOLUTION 18-2014

A RESOLUTION APPROVING THE APPLICATION FOR A LAWFUL GAMBLING PERMIT FOR ST. MARY'S CATHOLIC CHURCH

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Arlington hereby approves the application for a Lawful Gambling Permit as submitted by St. Mary's Catholic Church for a bingo event on April 6, 2014.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Ruehling and upon poll being taken thereon the following voted in favor thereof: Nuesse, Reetz, Ruehling, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: Jaszewski.

The foregoing resolution was adopted by the City Council of the City of Arlington this 18th day of February, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Councilmember Reetz introduced the following resolution and moved for its adoption:

RESOLUTION 19-2014

A RESOLUTION APPROVING THE APPLICATION FOR A LAWFUL GAMBLING PERMIT FOR RIDGEVIEW SIBLEY MEDICAL CENTER

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Arlington hereby approves the application for a Lawful Gambling Permit as submitted by the Ridgeview Sibley Medical Center for a raffle event on December 6, 2014.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Wills and upon poll being taken thereon the following voted in favor thereof: Nuesse, Reetz, Ruehling, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: Jaszewski.

The foregoing resolution was adopted by the City Council of the City of Arlington this 18th day of February, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Bids for the 2014 Electrical Improvement Project were reviewed. Adm. Donabauer explained that the project had been split into four parts, of which parts 1-3 were for materials and labor; and part 4 was for miscellaneous equipment procurement. She stated that four contractors had bid on the project for parts 1-3; however the lowest bidder forfeited their bid and 5% of their bid bond. The Electrical Engineer was recommending approval of the (next) low bid for parts 1-3 to Quade Electric, Inc. in the amount of \$462,700; and part 4 to Rural Electric Supply Cooperative in the amount of \$62,257.89. It was noted that the improvement project was proposed to be completed by October 15, 2014.

Councilmember Reetz introduced the following resolution and moved for its adoption:

RESOLUTION 21-2014

A RESOLUTION ACCEPTING A BID AND AWARDING A CONTRACT FOR THE 2014 ELECTRICAL IMPROVEMENT PROJECT

WHEREAS, pursuant to an Advertisement for Bids for the 2014 Electrical Improvement Project (equipment and construction); and

WHEREAS, bids were received, opened, and tabulated according to the law, and the following bids were received complying with the advertisement for Bid Items I, II, and III:

Karian Peterson Power Line Contracting	\$282,040.00	(Forfeited)
Quade Electric, Inc.	\$462,700.00	
MP Nexlevel, LLC.	\$533,447.14	
Dig America, Inc.	\$852,237.00	

WHEREAS, upon forfeiture of Karian Peterson's bid and their bid bond, it appears that Quade Electric, Inc. is the lowest responsible bidder for Bid Items I, II, and III.

WHEREAS, bids were received, opened and tabulated according to the law, and the following bids were received complying with the advertisement for Bid Item IV:

MP Nexlevel, LLC.	\$130,601.30	
Dig America, Inc.	\$136,351.30	
Rural Electric Supply Cooperative	\$ 62,257.89	(No Quote for Substation Voltage Regulator).

NOW THEREFORE BE IT RESOLVED, by the City Council of Arlington, Minnesota:

1. The Mayor and City Administrator are hereby authorized and directed to enter into a contract with Quade Electric, Inc. in the name of the City of Arlington for the 2014 Electrical Improvement Project according to the plans and specifications for Bid Items I, II, and III therefore approved by the City Council and on file in the office of the City Administrator.
2. The Mayor and City Administrator are hereby authorized and directed to enter into a contract with Rural Electric Supply Cooperative in the name of the City of Arlington for the 2014 Electrical Improvement Project according to the plans and specifications for Bid Item IV therefore approved by the City Council and on file in the office of the City Administrator.
3. The Electrical Engineer (Heartland Engineering Services) is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Wills and upon poll being taken thereon the following voted in favor thereof: Nuesse, Reetz, Ruehling, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: Jaszewski.

The foregoing resolution was adopted by the City Council of the City of Arlington this 18th day of February, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Adm. Donabauer commented that the Electrical Engineer has suggested that the City hold an open house to inform the public about the upcoming improvement project. It was the consensus that this should be done and directed Adm. Donabauer to work with the Engineer to set up date for same.

Adm. Donabauer stated that at the last meeting she was authorized to place a notice to residents in the official paper about the upcoming bond issue for the fire truck. She stated that no petitions against the bond issue had been received. It was noted that David Drown Associates had bid out the bond issue and the Arlington State Bank has agreed to cover the 5-year equipment certificate in the amount of \$282,000 at a rate of 2.15%.

Councilmember Ruehling introduced the following resolution and moved for its adoption:

RESOLUTION 22-2014

A RESOLUTION AUTHORIZING ISSUANCE, AWARDED SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$282,000 GENERAL OBLIGATION EQUIPMENT CERTIFICATES OF INDEBTEDNESS, SERIES 2014A

BE IT RESOLVED by the City Council of the City of Arlington, Minnesota (the Issuer), as follows:

Section 1. Authorization and Sale.

1.01. Authorization. This Council, by resolution duly adopted on February 3, 2014 (the Initial Resolution), authorized the issuance and sale of \$282,000 General Obligation Equipment Certificates of Indebtedness, Series 2014A (the Obligations) of the Issuer to finance the costs of acquiring items of capital equipment (the Project). Said items of capital equipment have a useful life not less than the term of the Obligations. The principal amount of the Obligations exceeds .25 percent of the market value of taxable property in the Issuer. Accordingly, the Initial Resolution was published in the Issuer's official newspaper on February 6, 2014, as required, and no petition satisfying the requirements of Minnesota Statutes, Section 412.301 was filed within 10 days of such publication.

1.02. Sale. A proposal has been received from Arlington State Bank, in Arlington, Minnesota (the Purchaser), to purchase the Obligations at a price of \$282,000 plus accrued interest, if any, on all Obligations to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

1.03. Award. The sale of the Obligations is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed to execute a contract on behalf of the Issuer for the sale of the Obligations in accordance with the terms of the proposal.

Section 2. Obligation Terms; Registration; Execution and Delivery.

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

2.02. Maturities; Interest Rates; Denominations and Payment. The Obligations shall be originally dated as of the date of delivery thereof, shall be in denominations of \$100,000 (except for one), of single maturities, shall mature on February 1, 2020 and bear interest from the date of issue until paid at a rate of 2.15% per annum.

The Obligations shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Obligation at the principal office of the Registrar described herein, the principal amount thereof, shall be payable by check or draft issued by the Registrar described herein. Upon the initial delivery of the Obligations pursuant to Section 2.07, and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Obligation so delivered, exchanged or transferred.

2.03. Dates and Interest Payment Dates. Interest on the Obligations shall be payable on each February 1 and August 1, commencing February 1, 2015, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. Obligations shall be subject to redemption and prepayment at the option of the Issuer, in whole or in part, by lot as selected by the Registrar, in multiples of \$100,000, on any date, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City Administrator shall cause notice of the call for redemption thereof to be published as required by law, and at least thirty and not more than 60 days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Obligations to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Obligation not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Obligations or portions of Obligations so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Obligations or portions of Obligations shall cease to bear interest. Upon partial redemption of any Obligation, a new Obligation or Obligations will be delivered to the owner without charge, representing the remaining principal amount outstanding.

The Obligations shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other

manner deemed fair, on February 1 in each of the following years the following stated principal amounts of the Obligations:

<u>Year</u>	<u>Principal Amount</u>
2016	\$54,000
2017	55,000
2018	56,000
2019	58,000

The remaining \$59,000 stated principal amount of such Obligations shall be paid at maturity on February 1, 2020.

Notice of redemption shall be given as provided in the preceding paragraph.

2.05. Appointment of Initial Registrar. The Issuer hereby appoints the City Administrator as the initial bond registrar, transfer agent and paying agent (the Registrar) for the Obligations. The Issuer reserves the right to remove the Registrar upon thirty days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Obligations in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

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

(a) Register. The Registrar shall keep at its principal office a bond register in which the Registrar shall provide for the registration of ownership of Obligations and the registration of transfers and exchanges of Obligations entitled to be registered, transferred or exchanged.

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

(c) Exchange of Obligations. Whenever any Obligations are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Obligations of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Obligations surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the Issuer.

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

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

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

(h) Mutilated, Lost, Stolen or Destroyed Obligations. In case any Obligation shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Obligation of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Obligation or in lieu of and in substitution for any Obligation destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of an Obligation destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Obligation was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the Issuer and the Registrar shall be named as obligees. All

Obligations so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the Issuer. If the mutilated, destroyed, stolen or lost Obligation has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Obligation prior to payment.

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

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

2.07. Execution, Authentication and Delivery. The Obligations shall be prepared under the direction of the City Administrator and shall be executed on behalf of the Issuer by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Obligations shall cease to be such officer before the delivery of any Obligation, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Obligation shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Obligation has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Obligations need not be signed by the same representative. The executed certificate of authentication on each Obligation shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Obligations have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Form of Obligations. The Obligations shall be prepared in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF SIBLEY
CITY OF ARLINGTON

GENERAL OBLIGATION EQUIPMENT CERTIFICATE OF INDEBTEDNESS,
SERIES 2014A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
2.15%	February 1, 2019	February 28, 2014	None

REGISTERED OWNER: ARLINGTON STATE BANK

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY-TWO THOUSAND DOLLARS

THE CITY OF ARLINGTON, MINNESOTA (the Issuer), acknowledges itself to be indebted and for value received hereby promises to pay the principal sum specified above on the maturity date specified above, with interest thereon from the date hereof or from the most recent interest payment date to which interest has been paid or duly provided for, at the annual rate specified above, payable on February 1 and August 1 in each year, commencing February 1, 2015, to the person in whose name this Obligation is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month, all subject to the provisions hereof regarding redemption prior to maturity. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft or other agreed means of payment by City Administrator, as Registrar and Paying Agent (the Registrar), or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith, credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

This Obligation is one of an issue in the aggregate principal amount of \$282,000 issued pursuant to a resolution adopted by the City Council on February 18, 2014 (the Resolution), to finance the costs of acquisition of capital equipment, and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 412.301 and Chapter 475. The Obligations are issuable only in fully registered form, in denominations of \$100,000 or any integral multiple thereof, of single maturities.

Obligations shall be subject to redemption and prepayment at the option of the Issuer, in whole or in part, by lot as selected by the Registrar in multiples of \$100,000, on any date, at a price equal to the principal amount

thereof and accrued interest to the date of redemption. The City Administrator shall cause notice of the call for redemption thereof to be published as required by law, and at least thirty and not more than 60 days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Obligations to be redeemed at their addresses as they appear on the bond register described in the Resolution, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Obligation not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Obligations or portions of Obligations so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Obligations or portions of Obligations shall cease to bear interest. Upon partial redemption of any Obligation, a new Obligation or Obligations will be delivered to the owner without charge, representing the remaining principal amount outstanding.

The Obligations shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements hereof at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Obligations:

<u>Year</u>	<u>Principal Amount</u>
2016	\$54,000
2017	55,000
2018	56,000
2019	58,000

The remaining \$59,000 stated principal amount of such Obligations shall be paid at maturity on February 1, 2020.

Notice of redemption shall be given as provided in the preceding paragraph.

As provided in the Resolution and subject to certain limitations set forth therein, this Obligation is transferable upon the books of the Issuer at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Obligations of other authorized denominations. Upon such transfer or exchange the Issuer will cause a new Obligation or Obligations to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

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

The Issuer and the Registrar may deem and treat the person in whose name this Obligation is registered as the absolute owner hereof, whether this Obligation is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the Issuer nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed prior to and in the issuance of this Obligation in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof, the City Council has levied ad valorem taxes on all taxable property in the Issuer, which taxes will be collectible for the years and in amounts sufficient to produce sums not less than five percent in excess of the principal of and interest on the Obligations when due, and has appropriated such taxes to its General Obligation Equipment Certificates of Indebtedness, Series 2014A Sinking Fund for the payment of such principal and interest; that if necessary for payment of such principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the Issuer, without limitation as to rate or amount and that the issuance of this Obligation, together with all other indebtedness of the Issuer outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation of indebtedness.

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

Section 3. General Obligation Equipment Certificates of Indebtedness, Series 2014A Sinking Fund. So long as any of the Obligations are outstanding and any principal of or interest thereon unpaid, the City Administrator shall maintain a separate debt service fund on the official books and records of the Issuer to be known as the General Obligation Equipment Certificates of Indebtedness, Series 2014A Sinking Fund (the Sinking Fund), and the principal of and interest on the Obligations shall be payable from the Sinking Fund. The Issuer irrevocably appropriates to the Sinking Fund (a) all taxes levied and collected in accordance with this Resolution; and (b) all other moneys as shall be appropriated by the City Council to the Sinking Fund from time to time. If the balance in the Sinking Fund is at any time insufficient to pay all interest and principal then due on all Obligations payable therefrom, the payment shall be made from any fund of the Issuer which is available for that purpose, subject to reimbursement from the Sinking Fund when the balance therein is sufficient, and the City Council covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to take care of any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

Section 4. Pledge of Taxing Powers. For the prompt and full payment of the principal of and interest on the Obligations as such payments respectively become due, the full faith, credit and unlimited taxing powers of the Issuer shall be and are hereby irrevocably pledged. In order to produce aggregate amounts not less than 5% in excess of the amount needed to meet when due the principal and interest payments on the Obligations, ad valorem taxes are hereby levied on all taxable property in the Issuer. The taxes are to be levied and collected in the following years and amounts:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
2014-2018	2015-2019	See attached Levy Computation

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

Section 5. Defeasance. When all of the Obligations have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the holders of the Obligations shall cease. The Issuer may discharge its obligations with respect to any Obligations which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Obligation should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer may also at any time discharge its obligations with respect to any Obligations, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity.

Section 6. Certification of Proceedings.

6.01. Registration of Obligations and Levy of Taxes. The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Sibley County and obtain a certificate that the Obligations have been duly entered upon the Auditor's bond register and the tax required by law has been levied.

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

Section 7. Tax Covenants; Arbitrage Matters; Reimbursement and Continuing Disclosure.

7.01. General Tax Covenant. The Issuer covenants and agrees with the registered owners from time to time of the Obligations that it will not take, or permit to be taken by any of its officers, employees or agents, any actions that would cause interest on the Obligations to become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the Code) and applicable Treasury Regulations (the Regulations), and covenants to take any and all actions within its powers to ensure that the interest on the Obligations will not become includable in gross income of the recipient under the Code and the Regulations. In particular, the Issuer covenants

and agrees that all proceeds of the Obligations will be expended solely for the payment of the costs of acquisition and installation of capital equipment to be owned and maintained by the Issuer and used in the Issuer's general governmental operations. The Issuer shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the equipment or security for the payment of the Obligations which might cause the Obligations to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

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

7.03. Arbitrage Rebate. (a) It is hereby found that the Issuer has general taxing powers, that no Obligation is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Obligations are to be used for local governmental activities of the Issuer, and that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Issuer and all subordinate entities thereof during the year 2014 is not reasonably expected to exceed \$5,000,000. Therefore, pursuant to Section 148(f)(4)(D) of the Code, the Issuer shall not be required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

(b) Notwithstanding the provisions of paragraph (a) of this Section 7.03, if the arbitrage rebate provisions of Section 148(f) of the Code apply to the Obligations, the Issuer hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f) and applicable Regulations.

7.04. Reimbursement. The Issuer certifies that the proceeds of the Obligations will not be used by the Issuer to reimburse itself for any expenditure with respect to the equipment which the Issuer paid or will have paid more than 60 days prior to the issuance of the Obligations unless, with respect to such prior expenditures, the Issuer shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the equipment meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the equipment as defined in Section 1.150-2(f)(2) of the Regulations which in the aggregate do not exceed 20% of the "issue price" of the Obligations.

7.05. Qualified Tax-Exempt Obligations. The Obligations are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and the Issuer hereby finds that the reasonably anticipated amount of tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the Issuer and all subordinate entities during calendar year 2014 does not exceed \$10,000,000.

Upon vote being taken upon the foregoing resolution, the following voted in favor thereof:

Curt Reetz, Jason Ruehling, Galen Wills and Jennifer Nuesse.

and the following voted against the same: None.

whereupon the resolution was declared duly passed and adopted.

PROJECTED LEVIES

<u>Levy Year</u>	<u>Collection Year</u>	<u>Levy</u>
2014	2015	60,063.00
2015	2016	59,902.00
2016	2017	59,719.50
2017	2018	60,515.50
2018	2019	60,268.50
	Total	\$ 300,468.50

COUNTY AUDITOR'S CERTIFICATE

AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting County Auditor of Sibley County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on February 18, 2014, by the City Council of the City of Arlington, Minnesota, setting forth the form and details of an issue of \$282,000 General Obligation Equipment Certificates of Indebtedness, Series 2014A, dated as of the date of issuance thereof, and levying taxes for their payment.

I further certify that the issue has been entered on my bond register and the tax required by law for their payment has been filed, as required by Minnesota Statutes, Sections 475.61 to 475.63.

WITNESS my hand and official seal this ___ day of February, 2014.

(SEAL)

County Auditor

The foregoing resolution was adopted by the City Council of the City of Arlington this 18th day of February, 2014.

CITY OF ARLINGTON, MINNESOTA

/s/ James R. Kreft, Mayor

Attest: /s/ Liza M. Donabauer, City Administrator

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Reetz gave an update on the Planning & Zoning Committee. He stated that they have initiated the first steps in updating the Comprehensive Plan.

Ruehling talked about the first Sibley East School Task Force meeting. The purpose of the committee is to determine the direction Sibley East should be looking towards with regards to its facilities.

Brief discussion was held on the information provided to the City about an individual representing CenterPoint Energy going door-to-door trying to gain access to residents' homes. Adm. Donabauer stated that the individual did have the proper credentials and was doing research for the upcoming trail project.

Brief discussion was held on the water meter replacement process. Adm. Donabauer will follow up to see where the process is at.

Nuesse commented that she had been contacted by a business owner/resident about concerns with how the recent snow removal had been handled, along with snowbird issues. She had also heard some negative comments from a non-resident. Adm. Donabauer stated that there were a combination of things that contributed to the delay with the snow being removed (timing of the snow fall, equipment breakdown, and overtime issues). It was noted that if equipment breakdowns happen again, the snow will be loaded via payloaders (the old way). Adm. Donabauer stated that the Police Department will be addressing the snowbird issues.

Motion by Nuesse, seconded by Wills, and passed by unanimous vote to adjourn the meeting at 7:12 pm.

City Administrator Liza M. Donabauer

Mayor James R. Kreft