

**ARLINGTON CITY COUNCIL
MEETING AGENDA
MARCH 2, 2015 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 17th Regular Meeting Minutes.
 - B) Approval of the February 17th Workshop Meeting Minutes.
 - C) Approval of Bills.
 - D) Approval of Service Agreement for Tax Assessments in 2016 with the Sibley County Assessor for \$10,800.
 - E) Approval of Radio Programming Purchase of Service Agreement with the Sibley County Emergency Management Department.
 - F) Denial of Payment \$2,233 for Sibley County Economic Development Corporation (SEDCO) Support.
 - G) Approval of the Renewal of 3.2 Malt Liquor Licenses and Setup Licenses for the Arlington Baseball Association (On-Sale), Arlington Raceway (On & Off-Sale) and American Legion Post #250 (On-Sale & Setup).
 - H) Approval of the Raceway Ambulance Service Agreement.
 - I) Approval of the MN Rodeo Association-High Island Arena Agreement.
 - J) Approval of the Temporary Closure of Chandler Street at 1st Avenue North on Saturday May 16, 2015; Rain Date Sunday, May 17th for Cancer Cruise of Sibley County.
 - K) Acceptance of 2015-2016 Snow Removal Bids. (Blading, Hauling, Skid Loader, and Sidewalk).
 - L) Approval to Terminate the Training Period for Kirby Weckworth, Maintenance Worker.
 - M) Approval of Transient Merchant/Peddler Permit for Jorge Saucedo (Taco Stand). *(added)*

PUBLIC HEARINGS

PETITIONS, REQUESTS, & COMMUNICATIONS

5. Addressing the Council
 - A) Citizens Addressing the Council.
 - 1) Craig Bullert, Chef Craig's Catering.

- 6. Announcements
 - A) Legislative Conference for Cities, Counties, Schools and Townships, March 4-5, 2015, St. Paul.
 - B) 2015 LMCIT Safety & Loss Control Workshops, Various Locations, March/April, 2015.
 - C) Local Board of Appeal and Equalization Open Book Meeting: Thursday, April 23, 2015; 3-8 p.m. Sibley County Assessor's Office, Gaylord.
- 7. Communications
 - A) ~~February Building Permit Report~~ (removed)

REPORTS OF OFFICERS, BOARDS & COMMITTEES

- 8. Ambulance Service – Annual Report – Kevin Sullivan.

ORDINANCES & RESOLUTIONS

- 9. Ordinances
- 10. Resolutions
 - A) 24-2015 - Supporting Dedicated State Funding for City Streets.

UNFINISHED BUSINESS

- 11. Refinance 2008A Equipment Certificate via Application to MN Rural Water's MIDI Loan Program.
 - A) Resolution 25-2015 – Authorizing the Issuance, Sale and Delivery of \$308,000 General Obligation Equipment Certificate Refunding Bonds, Series 2015B.

NEW BUSINESS

- 12. Jim Amsden, Sibley East School Superintendent: Update on School Construction Project.
- 13. Maintenance Supervisor, Tony Voigt
 - A) 2015 Sidewalk Rehabilitation/Construction Project. (Action)
 - B) Repair/Replace "City of Arlington" Signs. (Provide Direction)
 - C) Authorize Repair/Replacement of Tri-Axle Trailer.

- 14. Reserved.

MISCELLANEOUS BUSINESS

- 15. Council Committee Updates.
- 16. Open Discussion.
 - A) City Wide Cleanup Day.

ADJOURNMENT

Reminders:
 Planning & Zoning – March 5th @ 7 pm
 Parks – March 23rd @ 7 pm

**ARLINGTON CITY COUNCIL
MEETING MINUTES
MARCH 2, 2015**

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

Members present: Battcher, Jaszewski, Heiland, Mayor Nagel, Nuesse, Wills

Members absent: None

Also present: City Administrator Donabauer, City Attorney Arneson, Ambulance Director Kevin Sullivan, Craig & Linnea Bullert of Chef Craig's, SE School Superintendent Jim Amsden, Police Chief Danner, Maintenance Supervisor Voigt, Kurt Menk

Motion by Battcher, seconded by Heiland, and passed by unanimous vote to approve the agenda with the following changes:

Add item 4M) Approval of Transient Merchant/Peddler's permit for Jorge Saucedo (Taco Stand)

Remove item 7A) February Building Permit Report.

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

- A) Approval of the February 17th Regular Meeting Minutes
- B) Approval of the February 17th Special Meeting Minutes
- C) Approval of Bills
- D) Approval of Service Agreement for Tax Assessment in 2016 with the Sibley County Assessor for \$10,800
- E) Approval of Radio Programming Purchase of Service Agreement with the Sibley County emergency Management Department
- F) Denial of Payment \$2,233 for Sibley County Economic Development Corporation (SEDCO) Support
- G) Approval of the Renewal of 3.2 Malt Liquor Licenses and Setup Licenses for the Arlington Baseball Association (On-Sale), Arlington Raceway (On & Off Sale) and American Legion Post #250 (On-Sale & Setup)
- H) Approval of the Raceway Ambulance Service Agreement
- I) Approval of the MN Rodeo Association-High Island Arena Agreement
- J) Approval of the Temporary Closure of Chandler Street at 1st Avenue N on Saturday, May 16, 2015, Rain Date Sunday, May 17th for Cancer Cruise of Sibley County
- K) Acceptance of 2015-2016 Snow Removal Bids (Blading, Hauling, and Skid Loader)
- L) Approval to Terminate the Training Period for Kirby Weckworth, Maintenance Worker
- M) Approval of Transient Merchant/Peddler Permit for Jorge Saucedo (Taco Stand).

It was noted that there were no public hearings scheduled.

Craig and Linnea Bullert of Chef Craig's Catering were present to discuss the Community Center Catering Fee charges that had been implemented at the start of the year. Craig commented that he understood the City's need to increase revenue at the Community Center. He expressed his concerns with what he called a tiered scale not a true sliding scale as the City was calling it. He felt the scale was unfair to smaller events and would restrict them from renting the facility. He suggested getting rid of the current scale and either charge a set fee such as \$1-\$2 per person served or 10-15% of the catered meal to the renter as they are billed for these fees in addition to the regular catering fees (not the caterer's responsibility) otherwise. Either of these fees would still be competitive with surrounding facilities and would help close the gap on the debt/revenues. Craig stated that the kitchen and its contents should be open at all times for caterers to use and not be locked up; no keys should have to be given out. He noted that some other facilities require that only licensed/insured caterers are allowed into their facilities for health code reasons; there is no 'private' food allowed. The Bullert's commented that they felt that the

City should be providing a staff member to be on site and have the building open in the afternoon (set time) to accommodate caterers, DJ's, decorators, etc.; it shows that the City cares about its facility.

The following announcements were reviewed:

- A) Legislative Conference for Cities, Counties, Schools and Townships, March 4-5, 2015, St. Paul
- B) 2015 LMCIT Safety & Loss Control Workshops, Various Locations, March/April, 2015
- C) Local Board of Appeal and Equalization Open Book Meeting: Thursday, April 23, 2015; 3-8 pm Sibley County Assessor's Office, Gaylord.

Ambulance Director Kevin Sullivan presented the annual report for the Ambulance Service. He stated that the Ambulance Service had a total of 316 runs for 2014, which was a record for the department. It was noted that the oldest (2000) ambulance is scheduled to be replaced in 2016. The department will start the process of obtaining estimates this year. Sullivan stated that the Arlington Ambulance, along with Fire Chief's within Sibley County, are writing a letter to the County Commissioners regarding an Active 911 Program that they could be using, but are experiencing resistance from the Sheriff's Department and Jail Administrator. The program would be very beneficial to the Ambulance, Fire and Police services.

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

RESOLUTION 24-2015

A RESOLUTION SUPPORTING DEDICATED STATE FUNDING FOR CITY STREETS

WHEREAS, Minnesota contains over 141,000 miles of roadway, and over 22,500 miles—or 16 percent—are owned and maintained by Minnesota's 852 cities; and

WHEREAS, almost 85 percent of municipal streets are ineligible for dedicated Highway User Tax Distribution Fund dollars; and

WHEREAS, the more than 700 Minnesota cities with populations below 5,000 are ineligible for dedicated Highway User Tax Distribution Fund dollars; and

WHEREAS, city streets are a separate but integral piece of the network of roads supporting movement of people and goods; and

WHEREAS, existing funding mechanisms, such as Municipal State Aid (MSA), property taxes and special assessments, have limited applications, leaving cities under-equipped to address growing needs; and

WHEREAS, city cost participation in state and county highway projects diverts resources from city-owned streets; and

WHEREAS, maintenance costs increase as road systems age, and no city--large or small—is spending enough on roadway capital improvements to maintain a 50-year lifecycle; and

WHEREAS, for every one dollar spent on maintenance, a road authority--and therefore taxpayers--save seven dollars in repairs; and

WHEREAS, cities need greater resources, including an additional dedicated state funding source for transportation, and flexible policies in order to meet growing demands for street improvements and maintenance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF ARLINGTON that the City of Arlington supports an omnibus transportation funding bill that provides additional dedicated state funding for city streets including funding that can be used for non-MSA city street maintenance, construction and reconstruction.

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

The foregoing resolution was adopted by the City Council of the City of Arlington this 2nd day of March, 2015.

CITY OF ARLINGTON, MINNESOTA

/s/ Richard Nagel, 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 Nuesse introduced the following resolution and moved for its adoption:

RESOLUTION 25-2015

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$308,000 GENERAL OBLIGATION EQUIPMENT CERTIFICATE REFUNDING BONDS, SERIES 2015B

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

Section 1. Bond Purpose, Authorization, and Award.

1.01 Refunded Bonds; Project. Pursuant to the authority granted in Minnesota Statutes, Chapters 412 and 475, the Issuer has previously issued its \$660,000 General Obligation Equipment Certificates, Series 2008A (the "2008 Bonds"), dated December 1, 2008, of which \$303,200 in principal is outstanding. The 2008 Bonds were issued pursuant to a resolution of the City Council adopted November 17, 2008 (the "Prior Resolution"), for the purpose of financing the cost of acquiring items of capital equipment (the "Project").

1.02 Authority for Refunding. Under and pursuant to the provisions of Minnesota Statutes, Section 475.67, Subdivisions 1 through 4, the Issuer is authorized to issue and sell its general obligation bonds to refund the 2008 Bonds (the "Refunded Bonds") before their due date if consistent with covenants made with the holders thereof, when determined by the Issuer to be necessary or desirable for the reduction of debt service costs to the Issuer or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.03 Findings.

A. It is necessary and desirable that, in order to reduce debt service costs, the Issuer issue its \$308,000 General Obligation Equipment Certificate Refunding Bonds, Series 2015B (the "Bond"), to redeem and prepay the Refunded Bonds on April 6, 2015 (the "Redemption Date"). The Refunded Bonds are payable from ad valorem taxes.

B. All proceedings required by the laws of the State of Minnesota in conjunction with the Project have been completed and all determinations required by the laws of the State of Minnesota in conjunction with the Project have been made.

C. No appeals have been taken from any order of the Issuer respecting the Project which have not been resolved or terminated.

1.04 Municipal Advisor. The Issuer has retained the services of David Drown Associates, Inc. as its municipal advisor.

1.05 Award. The Issuer has received an offer from the Pine Island Bank, of Pine Island, Minnesota (the "Purchaser"), to purchase the Bond at a cash price of par and upon condition that the Bond matures and bears interest at the times and annual rate set forth in Section 2. The Issuer, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is accepted. All actions of the Mayor and the Administrator taken with regard to the sale of the Bond are ratified and approved.

Section 2. Terms of the Bond.

2.01 Interest Rate and Principal Maturities

A. The Bond shall be dated the date of its closing and delivery as the date of original issue, shall be issued in the denomination equal to the principal amount thereof, shall be issued in fully registered form and lettered and numbered R-1. The Bond shall bear interest at the annual rate of 2.05 percent and shall mature on the dates and in the installment amounts shown below:

<u>Year</u>	<u>Principal</u>
2/1/2016	\$76,000
2/1/2017	\$77,000
2/1/2018	\$76,000
2/1/2019	\$79,000

B. The maturities of the Bond, together with the maturities of all other outstanding general obligation bonds of the Issuer, meet the requirements of Minnesota Statutes, Section 475.54.

2.02 Prepayment. The Bond is prepayable on any payment date at a price of par plus accrued interest to the prepayment date; provided that if prepayment is on or prior to February 1, 2017, the redemption price shall also include a premium of 0.5% of the principal amount to be prepaid.

2.03 Interest Payment Dates.

A. The interest shall be payable semi-annually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”) commencing on August 1, 2015. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

B. The Registrar designated below shall make all interest payments with respect to the Bond by check or draft mailed to the registered owner of the Bond shown on the Bond registration records maintained by the Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners’ addresses shown on such Bond registration records.

2.04 Preparation and Execution.

A. The Bond shall be prepared for execution in accordance with the approved form and shall be signed by the manual signature of the Mayor and attested by the manual signature of the Administrator. The corporate seal of the Issuer may be omitted from the Bond as permitted by law. In case any officer whose signature shall appear on the Bond shall cease to be an officer before delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

B. The Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, which is to be complete thereof and cause the opinion to be attached to the Bond.

2.05 Appointment of Registrar. The City Council appoints the Administrator as registrar, authenticating agent, paying agent and transfer agent for the Bond (the “Registrar”). The Issuer reserves the right to name a substitute, successor Registrar upon giving prompt written notice to each registered Bond holder.

2.06 Registered Owner. The Bond shall be registered in the name of the Purchaser.

2.07 Bond Register. The Issuer shall cause to be kept by the Registrar a Bond register in which, subject to such reasonable regulations as the Registrar may prescribe, the Issuer shall provide for the registration of the Bond and the registration of transfers of the Bond entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Registrar or its incapability of acting as such, the Bond registration records shall be maintained at the office of the successor Registrar as may be appointed by the City Council.

2.08 Payment.

A. The Issuer and the Registrar may treat the person in whose name the Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the Issuer nor the Registrar shall be affected by notice to the contrary.

B. The principal of and interest on the Bond shall be payable by the Registrar in such funds as are legal tender for the payment of debts due the United States of America. The Issuer shall pay the reasonable and customary charges of the Registrar for the disbursement of principal and interest.

2.09 Delivery. Delivery of the Bond and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Purchaser. A typewritten and executed Bond shall be furnished by the Issuer without cost to the Purchaser. The Bond, when prepared in accordance with this resolution and executed, shall be delivered by or under the direction of the Administrator to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bond.

3.01 The Bond shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
SIBLEY COUNTY

R-1

\$308,000

CITY OF ARLINGTON
GENERAL OBLIGATION EQUIPMENT CERTIFICATE REFUNDING BONDS, SERIES
2015B

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.05%	February 1, 2019	_____, 2015

REGISTERED OWNER: PINE ISLAND BANK

PRINCIPAL AMOUNT: THREE HUNDRED EIGHT THOUSAND DOLLARS

The City of Arlington, Sibley County, Minnesota (the “Issuer”), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest on said principal amount to the registered owner hereof from the date of original issue set forth above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, until the principal amount is paid, said interest being at the rate per annum specified above.

Interest is payable semi-annually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”) commencing on August 1, 2015. This Bond is payable in the principal installment amounts and at the times described below. Payments shall be applied first to interest due on the outstanding principal balance and thereafter to reduction of the principal balance.

The principal amount of this Bond shall mature on the dates and in the installment amounts shown below:

Year	Principal
2/1/2016	\$76,000
2/1/2017	\$77,000
2/1/2018	\$76,000
2/1/2019	\$79,000

Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of the Administrator as Registrar, authenticating agent, paying agent and transfer agent (the “Registrar”), or at the office of such successor Registrar as may be designated by the governing body of the Issuer. The Registrar shall make all payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the Issuer by the Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner’s address shown on said bond registration records, without, except for final payment of principal of this Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligation of the Issuer to the extent of the payments so made. The final payment of principal of this Bond shall be made upon presentation and surrender of this Bond to the Registrar when due.

For the prompt and full payment of such principal and interest as they become due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. The Issuer has designated this Bond as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond comprises the entire amount of this series issued by the Issuer as one fully registered Bond without coupons, in the aggregate amount of \$308,000, pursuant to the authority contained in Minnesota Statutes, Section 475.67, Subdivisions 1 through 4, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on March 2, 2015 (the “Resolution”), for the purpose of refunding certain outstanding obligations of the Issuer. Principal of and interest on this Bond are payable primarily from ad

valorem taxes levied upon all taxable property within the Issuer as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

This Bond is prepayable on any payment date at a price of par plus accrued interest to the prepayment date; provided that if prepayment is on or prior to February 1, 2017, the redemption price shall also include a premium of 0.5% of the principal amount to be prepaid.

The Issuer will, at the request of the registered owner, issue one new fully registered Bond in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, of like tenor except as to number and principal amount. This Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the Issuer shall execute and the Registrar shall authenticate, if required by law or the Resolution, and deliver, in exchange for this Bond, one new fully registered Bond in the name of the transferee, in an aggregate principal amount equal to the unpaid principal amount of this Bond, of the same maturity, and bearing interest at the same rate. No service charge shall be made for any transfer or exchange hereinbefore referred to, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done and do exist in form, time and manner as so required; that all taxable property within the limits of the Issuer is subject to the levy of special assessments and ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount and that the issuance of this Bond does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until either this Bond has been manually signed by at least one officer of the Issuer or the Registrar's Authentication Certificate hereon shall have been executed by the Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the City of Arlington, Sibley County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the signature of the Mayor and attested by the signature of the Administrator.

ATTEST:

(form- no signature required) _____
Administrator

(form – no signature required) _____
Mayor

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by Administrator of the City of Arlington, Minnesota, as Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly Bond on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the Issuer in the name of the registered owner last Bond below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Administrator</u>
4/____/2015	Pine Island Bank 128 South Main Street P.O. Box 68 Pine Island, MN 55963 Federal Tax I.D. No.: 41-05318400	_____ (form no signature)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

_____ Social Security or Other
_____ Identifying Number of Assignee

the within Bond and all rights thereunder and irrevocably constitutes and appoints _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF FOR VALUE, OR TRANSFERRED, WITHOUT (i) AN OPINION OF COUNSEL THAT SUCH SALE, DISPOSITION OR TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED AND UNDER APPLICABLE STATE SECURITIES LAWS, OR (ii) SUCH REGISTRATION. THE TRANSFERABILITY OF THIS INSTRUMENT IS SUBJECT TO RESTRICTIONS REQUIRED BY (1) FEDERAL AND STATE SECURITIES LAWS GOVERNING UNREGISTERED SECURITIES; AND (2) THE RULES, REGULATIONS, AND INTERPRETATIONS OF THE GOVERNMENTAL AGENCIES ADMINISTERING SUCH LAWS. THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER CHAPTER 80A OF MINNESOTA STATUTES OR OTHER APPLICABLE STATE BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION OR OPERATION OF LAW.

Section 4. Covenants, Funds, Accounts and Tax Levies.

4.01 Covenants. It is recognized that the Issuer’s liability on the Bond is not limited to special assessments and ad valorem taxes pledged herein, and the City Council covenants and agrees that in the event of any current or anticipated deficiency in the special assessments and ad valorem taxes, it will levy upon all taxable property within the Issuer and cause to be extended, assessed, and collected, any additional taxes found necessary for full payment of the principal of and interest on the Bond, without limitation as to rate or amount.

4.02 The Fund. There is created a special fund to be designated the “2015B General Obligation Equipment Certificate Refunding Bond Fund” (the “Fund”) to be administered and maintained by the Issuer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Bond and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the “2015B Refunding Account” and the “2015B Debt Service Account”, respectively:

A. 2015B Refunding Account.

(1) On receipt of the purchase price of the Bond, the Issuer shall credit to the 2015B Refunding Account proceeds from the sale of the Bond less (a) amounts allocated to accrued interest paid by the Purchaser upon closing and delivery of the Bond (the “Accrued Interest”) and (b) amounts used to pay part of the interest cost of the issue as allowed by Minnesota Statutes, Section 475.56 (the “Additional Interest”). All funds on deposit in the Debt Service Account in the General Obligation Equipment Certificates, Series 2008A Sinking Fund (the “Prior Debt Service Account”), created by the Prior Resolution authorizing the sale and issuance of the Refunded Bonds shall be transferred to the 2015B Refunding Account.

(2) From the 2015B Refunding Account there shall be paid the amount necessary to pay the Refunded Bonds in full on the Redemption Date and to pay all costs and expenses of issuing the Bond including, but not limited to, costs of legal, financial advisory, and other professional services, printing and publication costs; and the monies in said account shall be used for no other purpose except as otherwise provided by law. Upon payment of the Refunded Bonds in full, all monies remaining in the 2015B Refunding Account shall be transferred to the 2015B Debt Service Account.

B. 2015B Debt Service Account.

(1) There is pledged and appropriated and there shall be credited to the 2015B Debt Service Account: (i) the Accrued Interest; (ii) the Additional Interest; (iii) all funds remaining in the 2015B Refunding Account after redemption of the Refunded Bonds on the Redemption Date; (iv) the Issuer's funds in an amount necessary to provide the coverage specified in Minnesota Statutes, Section 475.61 and any and all other monies which are properly available and are appropriated by the governing body of the Issuer to the 2015B Debt Service Account; (v) ad valorem taxes hereinafter levied; and (vi) investment earnings on the monies identified in the foregoing clauses (i) through (v). The proceeds of the Bond described in clauses (i) and (ii) of the preceding sentence shall be used for payment of interest on the Bond to the extent not required to meet the financial obligations payable from the 2015B Refunding Account.

(2) The money in such account shall be used for no purpose other than the payment of principal and interest on the Bond and any other general obligation bonds of the Issuer hereafter issued by the Issuer and made payable from said account as provided by law; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the 2015B Debt Service Account, the Administrator shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the 2015B Debt Service Account when the balance therein is sufficient.

C. Prior Debt Sinking Fund. Upon redemption of the Refunded Bonds on the Redemption Date, the Prior Sinking Fund shall be terminated, and all monies remaining therein not required to refund the Refunded Bonds shall be transferred to the 2015B Debt Service Account. All ad valorem taxes levied under the Prior Resolution and collected after the Redemption Date shall be deposited in the 2015B Debt Service Account.

D. Investments. Monies on deposit in the 2015B Refunding Account and in the 2015B Debt Service Account may, at the discretion of the Issuer, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investments shall mature at such times and in such amounts as will permit for payment of the principal and interest on the Bond when due.

4.03 Levy Cancelled. It is determined that upon the receipt of the proceeds of the Bond as described in Section 4.02 (the "Proceeds") for payment of the Refunded Bonds that an irrevocable appropriation to the Prior Debt Service Account shall have been made within the meaning of Section 475.61, Subdivision 3 of the Act and the Administrator is authorized and directed to certify such fact to and request the County Auditor to cancel any and all tax levies made by the Prior Resolution, except for the levy of taxes payable in 2015 which shall be deposited in the 2015B Debt Service Account.

4.04 Tax Levy.

A. For the prompt and full payment of the principal and interest on the Bond when due, the full faith and credit and taxing power of the Issuer are hereby irrevocably pledged. There is levied a direct, annual, ad valorem tax upon all taxable property within the territory of the Issuer which shall be extended upon the tax rolls and collected with and as part of the other general property taxes in the territory of the Issuer. Said levies are for the years and in the amounts set forth below:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2015	2016	\$81,756
2016	2017	\$79,178
2017	2018	\$80,620

B. Said levies are such that if collected in full they will produce an amount not less than five percent in excess of the amount needed to meet when due the principal and interest payments on the Bond.

C. Such tax levies shall be irrevocable as long as the Bond issued hereunder is outstanding and unpaid; provided, however, that on November 30th of each year, while the Bond issued hereunder remains outstanding, the Issuer may reduce or cancel the above levies to the extent of the amount which has been appropriated to and is on deposit in the 2015B Debt Service Account to pay the principal of and interest on the Bond, and may direct the County Auditor to reduce the levy for such year by that amount.

Section 5. Refunding; Findings; Redemption of Refunded Bonds.

5.01 Findings. It is found and determined that based upon information presently available from the Issuer's municipal advisor, the issuance of the Bond is consistent with covenants in the Prior Resolution and is

necessary and desirable for the reduction of debt service costs to the Issuer and for the adjustment of the maturities in relation to the resources available for their payment.

5.02 Notice of Redemption. The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference. The actions taken by the Administrator or the designee with respect to giving notice of redemption of the Refunded Bonds in substantially the form set forth in Exhibit A are ratified and confirmed.

5.03 Release of Covenants. When the principal of the Refunded Bonds and all interest thereon has been discharged as provided in this Section and Section 4, all pledges, covenants and other rights granted by this resolution to the holders of the Refunded Bonds shall cease, except that the pledge of the full faith and credit of the Issuer for the prompt and full payment of the principal and interest on the Refunded Bonds shall remain in full force and effect. The Issuer may discharge all bonds 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. If any bond 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 to the Redemption Date.

Section 6. Tax Covenants.

6.01 General. A. The Issuer covenants and agrees with the holders of the Bond that the Issuer will (i) take all action on its part necessary to cause the interest on the Bond to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bond and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bond to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bond and investment earnings thereon on certain specified purposes.

B. The Project is fully completed. The proceeds of the Refunded Bonds have been totally expended to pay the capital costs of the Project and issuance costs of the Refunded Bonds.

6.02 Rebate. The Issuer covenants in the event the proceeds of the Bond are not spent within 6 months of the date of closing of and delivery of the Bond to compute and cause the payment to the United States of all amounts required under the rebate requirement of Code Section 148(f), and the regulations issued thereunder. To this end, the Issuer agrees to:

A. maintain records identifying all "gross proceeds" [as defined in Code Section 148(f) (6) (B)] attributable to the Bond, the yield at which such gross proceeds are invested, any arbitrage profit derived therefrom (earnings in excess of the yield on the Bond) and any earnings derived from the investment of such arbitrage profit;

B. make, or cause to be made within 30 days after the close of each fifth bond year and upon payment in full of the Bond, the annual determination of the amount, if any, of excess arbitrage required to be paid to the United States by the Issuer (the "Rebate Amount");

C. pay, or cause to be paid, to the United States at least once every five bond years the Rebate Amount, if any, including the last installment which must be made no later than 60 days after the day on which the Bond is paid in full;

D. retain all records of the annual determination of the foregoing amounts until six years after the Bond has been fully paid.

6.03 Bank Qualification. In order to qualify the Bond as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the Issuer makes the following factual statements and representations:

A. the Bond is not "private activity bonds" as defined in Section 141 of the Code;

B. the Issuer designates the Bond as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

C. the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year in which the Bond is being issued will not exceed \$10,000,000; and

D. not more than \$10,000,000 of obligations issued by the Issuer during the calendar year in which the Bond is being issued have been or will be designated for purposes of Section 265(b)(3) of the Code.

Section 7. Certificate of Proceedings.

7.01 Auditor's Certificate. The Issuer is directed to file with the County Auditor of Sibley County, Minnesota, a certified copy of this resolution, and such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Bond herein authorized has been duly entered on the County Auditor's register.

7.02 Certified Proceedings. The officers of the Issuer are authorized and directed to prepare and furnish to the Purchaser of the Bond and to bond counsel certified copies of all proceedings and records of the Issuer

relating to the authorization and issuance of the Bond and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bond as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

7.03 Offering Materials. No official statement or prospectus has been prepared or circulated by the Issuer in connection with the sale of the Bond and the Purchaser has made its own investigation concerning the Issuer as set forth in a purchaser's certificate.

7.04 Absent or Disabled Officers. In the event of the absence or disability of the Mayor or the Administrator, such officers or members of the City Council as in the opinion of the Issuer's attorney may act in their behalf shall, without further act or authorization, execute and deliver the Bond, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 8. Post-Issuance Compliance Policy and Procedures. The Issuer has been provided with a Pre- and Post-Issuance Compliance Policy and Procedures which shall apply to qualifying obligations to provide for compliance with all applicable federal regulations for tax-exempt obligations or tax-advantaged obligations (collectively, the "Policy and Procedures"). The Issuer hereby approves the Policy and Procedures which have been presented to the Issuer. The Administrator is designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

Adopted: March 2, 2015.

Mayor

ATTEST:

Administrator

EXHIBIT A

**TO: Arlington State Bank
 230 West Main Street
 P.O. Box 650
 Arlington, MN 55307**

FROM: City of Arlington, Minnesota

**RE: Notice of Call Redemption
 \$660,000 General Obligation Equipment Certificates, Series 2008A**

NOTICE IS GIVEN that, by order of the City Council of the City of Arlington, Minnesota (the "Issuer"), there have been called for redemption and prepayment on *April 6, 2015* (the "Redemption Date"), all outstanding bonds of the Issuer designated above, having stated maturity dates of February 1 in the years 2016 through 2019, totaling \$300,000 in outstanding principal amount.

The Certificates being called for redemption are being called at a price of par plus accrued interest to the Redemption Date on which date all interest on said Bonds will cease to accrue. Upon receipt of payment from the Issuer, please return the original Bond, marked "Paid" or "Cancelled" to the Administrator of the City of Arlington, at the following address:

City of Arlington
204 Shamrock Drive
Arlington, MN 55307

BY ORDER OF THE CITY COUNCIL OF THE CITY OF
ARLINGTON, MINNESOTA

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: Battcher, Heiland, Jaszewski, Nuesse, Wills; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: None.

The foregoing resolution was adopted by the City Council of the City of Arlington this 2nd day of March, 2015.

/s/ Richard Nagel, 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.

Sibley East School Superintendent Jim Amsden was present to provide an update on the school construction project. He reviewed the proposed construction timeline and noted that things were a bit off schedule due to the recent court case. He stated that the Appellate Court upheld the Court's ruling and they were waiting to see if there would be any further steps in the process. If not, the next step would be to get the project to a bond sale. It was noted that Arlington (remodel) was actually phase two of the project and scheduled to begin in April 2016 and ready for occupancy by September 2017. Amsden commented that they have already met with the City's Engineer and coordinated efforts related to sidewalks, parking, etc. The Council looked over a 3-D view of the proposed project in Arlington. Various concerns were expressed and questions asked.

Discussion was held on the 2015 Sidewalk Rehabilitation/Construction project. Adm. Donabauer explained that a sidewalk was proposed to be placed along Shamrock Drive in 2015, however the Streets Committee thought that the pedestrian crossing at 2nd Avenue NW to the Community Center (as had been discussed at the last Council meeting at a cost of \$39,739) was needed first. She stated that the funds for the sidewalk rehab/construction project are to come from the revenue from the medical center lease (\$25,000 per year). Donabauer commented that last year's allotment had not yet been used and could be added to this year's, which would cover the cost of the crossing plus a sidewalk going north to Sheila Drive. Maintenance Supervisor Voigt commented that he was hoping that by placing the pedestrian crossing at 2nd Avenue and going over Hwy 5 that it would help to get MnDOT to lower the speed limit in that area (as the City has been trying to do for years).

Motion by Wills, seconded by Nuesse, and passed by unanimous vote to use the funds from 2014-15 (as mentioned above) for the pedestrian crossing/sidewalk at 2nd Avenue NW and Hwy 5.

Discussion was held on the two "City of Arlington" signs at the northeast and southwest corners of town. Maintenance Supervisor Voigt explained that the existing lighting had been altered (some time ago) from vertical fluorescent tube lighting to conventional residential lighting (compact fluorescents) for maintenance reasons. He stated that he had obtained a three estimates to replace the lighting with LED within both signs (range of \$4,900-\$6,200); one estimate to retrofit existing cabinets and then have the cabinets refaced (\$10,570); and one estimate to completely replace both signs as the cabinet themselves are in tough shape (\$10,990). Adm. Donabauer stated that this was not included in the budget. It was suggested to obtain estimates to replace both signs and seek cost sharing possibilities with local organizations. Heiland commented that he had mentioned this to the Chamber already and they were receptive to the idea (to some degree). It was the consensus of the Council to authorize Maintenance Supervisor Voigt to obtain other estimates (to replace); and also inquire with other organizations about cost sharing.

Maintenance Supervisor Voigt talked about the 'homemade' tri-axle trailer that has been used over the years by previous staff for numerous things throughout the course of the year. He stated that the trailer is not DOT compliant and needs a lot of work (over \$3,300). He was recommending that the trailer be replaced for liability reasons versus fixed up. Cost estimates ranged from \$4,100 to \$4,800 for replacement. It was noted that this had been budgeted for (\$6,000) within the Capital Improvement Plan (CIP).

Motion by Wills, seconded by Heiland, and passed by unanimous vote to authorize the replacement of the tri-axle trailer with a 'not to exceed' amount of \$4,800, not including sales tax.

Jaszewski provided an update on the Park Committee. He stated that upgrades at Sportsman's Park are on hold until we get through the winter. Maintenance Supervisor Voigt was going to be getting estimates for fencing. Voigt was also going to be getting estimates for doors at the Senior Building. It was noted that Community Ed Dir. Jen Strack had been at the meeting to review the fall/winter activities and seek comment on spring/summer activities. The Committee also discussed the placement of trees at Frenzel Park.

Nuesse commented on the most recent EDA meeting. She stated that a lengthy discussion had been held on the SEDCO fund request, which was decided to deny as it had not been budgeted for, plus the EDA itself was already doing some of things SEDCO was promoting to do.

Mayor Nagel commented that he had appointed Dave Czech to the Planning & Zoning Committee to fill a vacancy. Dave Czech has declined the appointment, so the vacancy still exists.

Mayor Nagel expressed his interest in re-instating the city-wide "Cleanup Day". He commented briefly on what was done in the past (usually a Saturday in early May and what was accepted). It was suggested (consensus) to pursue a cooperative effort with Tri-County Waste on their recycling day (Thursday, June 25th). Jaszewski questioned if the cleanup day was really necessary when RSI in Green Isle takes most things (some free) already and is open daily.

Motion by Heiland, seconded by Nuesse, and passed by unanimous vote to adjourn the meeting at 8:26 pm.

City Administrator Liza M. Donabauer

Mayor Richard Nagel