

**ARLINGTON CITY COUNCIL  
MEETING AGENDA  
JUNE 17, 2019 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 May 20, 2019 Council Meeting Minutes.
  - B) Approval of the June 3, 2019 Council Meeting Minutes.
  - C) Approval of Bills.
  - D) Approve Two (1-4 day) Temporary On Sale Liquor Licenses for the Sibley County Agricultural Association, County Fair, July 31<sup>st</sup>, August 1<sup>st</sup>-2<sup>nd</sup> & August 3<sup>rd</sup>-4<sup>th</sup>.
  - E) Approve Temporary On Sale Liquor License (1-4 day) for Sibley County Agricultural Association, Bull Riding Fundraiser, September 6<sup>th</sup> -7<sup>th</sup>.

**PETITIONS, REQUESTS, & COMMUNICATIONS**

5. Addressing the Council
6. Announcements
  - A) Arlington Summer Reading Program, June 10<sup>th</sup> - July 19<sup>th</sup> @ Arlington Library.
  - B) Arlington Farmer's Market, Monday Evenings June 17<sup>th</sup> -September 23<sup>rd</sup>, Arlington Community Center Parking Lot, 4:00 p.m. – 6:30 p.m.
  - C) Community Foundation Meeting – June 19<sup>th</sup>, 6 p.m. – Sibley County Courthouse Commissioner's Room.
  - D) City of Arlington Clean-Up Day, June 20<sup>th</sup>, 9 a.m. – 4 p.m. in Partnership with Tri-County Waste
  - E) League of MN Cities Annual Conference, Duluth, June 26-28<sup>th</sup>.
  - F) MMPA's Annual Summer Meeting with City Officials – July 23<sup>rd</sup> @ 5:30 p.m. Chaska Event Center.
  - G) Ben Winchester Presentation – Moving In, Moving Out, Moving Over – July 23<sup>rd</sup> @5:30 – 7:00 p.m. Arlington Community Center.
  - H) MN Municipal Utilities Association 88<sup>th</sup> Annual Summer Conference August 19-21<sup>st</sup> at Breezy Point Resort. Early registration is due by July 26.
  - I) Leading Sibley Together is Recruiting Participants for the 2019-2020 Leadership Program, Applications can be found on the County website at [www.co.sibley.mn.us](http://www.co.sibley.mn.us). Submit application by August 9<sup>th</sup>
7. Communications
  - A) April Water/Wastewater Report.
  - B) May Building Permit Report
  - C) 2018 Financial Audit- Erin Enstad, CPA Manager

## REPORTS OF OFFICERS, BOARDS AND COMMITTEES

8. May Police Department Update- Chief John Petterson
9. Planning & Zoning Annual Report 2019

## ORDINANCES & RESOLUTIONS

10. Resolutions:
  - A) 35-2019 - A Resolution Adopting the City of Arlington Electrical System Distributed Energy Resource Interconnection Process.
  - B) 36-2019-A Resolution Adopting City of Arlington Electrical System's Policy Regarding Distributed Energy Resources and Net Metering and Rules Governing The Interconnection Of Cogeneration And Small Power Production Facilities.
  - C) 37-2019(A) – A Resolution Approving Fence Variance at 401 W. Brooks St.
  - D) 37-2019(B) – A Resolution Denying Fence Variance at 401 W. Brooks St.
  - E) 38-2019(A) – A Resolution Approving Deck Variance at 401 W. Brooks St.
  - F) 38-2019(B) – A Resolution Denying Deck Variance at 401 W. Brooks St.
  - G) 39-2019 – Approving the Gambling Permit for Chamber of Commerce (purse bingo).
  - H) 40-2019 – Approving the Gambling Permit for Chamber of Commerce (raffle).

## UNFINISHED BUSINESS

11. Northland Drying Update – Review report of ESI Engineering
12. Approve Change Order for 2019 Street & Utility Improvement Project
13. Authorize Signature on Southern Minnesota Initiative Foundation Grant Commitment

## NEW BUSINESS

14. Approve /Deny New Arlington Logo

## MISCELLANEOUS BUSINESS

15. Council Member/Committee Updates
16. Open Discussion-

## ADJOURNMENT

### Reminders:

Choose Arlington – June 27<sup>th</sup> @ 7:30 p.m. Arlington Chambers  
Council – July 1<sup>st</sup> @ 6:30 p.m.  
EDA – July 8<sup>th</sup> @ 5:30 p.m.  
Planning & Zoning – July 11<sup>th</sup> @ 7 p.m.

**ARLINGTON CITY COUNCIL  
MEETING MINUTES  
JUNE 17, 2019**

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

Members present: Mayor Rich Nagel, Michelle Battcher, Tom Hatlestad, Jim Heiland, Ben Jaszewski  
Members absent: Adam Cowell

Also present: City Adm. Pat Melvin, City Atty. Arneson, Shannon Sweeney (on behalf of David Drown Associates), Jeanne Bearson, Jenny Nuesse (on behalf of the PZ committee), Layne Kockelman (on behalf of Abdo, Eick & Meyers), Michael Kedrowski (intern to EDA Director Newsom), Amy Berger, Police Chief John Petterson, Bailey Holasek, Kurt Menk

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

Add: #7 under Communications:

D) 2019A General Obligation Bonds – Shannon Sweeney, David Drown & Associates;

And Remove #14 under New Business:

14. Approve/Deny New Arlington Logo

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

- A) Approval of the May 20, 2019 Council Meeting Minutes.
- B) Approval of the June 3, 2019 Council Meeting Minutes.
- C) Approval of Bills.
- D) Approve Two (1-4 day) Temporary On Sale Liquor Licenses for the Sibley County Agricultural Association, County Fair, July 31<sup>st</sup>, August 1<sup>st</sup>-2<sup>nd</sup> & August 3<sup>rd</sup>-4<sup>th</sup>.
- E) Approve Temporary On Sale Liquor License (1-4 day) for Sibley County Agricultural Association, Bull Riding Fundraiser, September 6<sup>th</sup> -7<sup>th</sup>.

No one was present to speak under the section Addressing the Council.

The following announcements were reviewed:

- A) Arlington Summer Reading Program, June 10<sup>th</sup> - July 19<sup>th</sup> @ Arlington Library.
- B) Arlington Farmer's Market, Monday Evenings June 17<sup>th</sup> -September 23<sup>rd</sup>, Arlington Community Center Parking Lot, 4:00 p.m. – 6:30 p.m.
- C) Community Foundation Meeting – June 19<sup>th</sup>, 6 p.m. – Sibley County Courthouse Commissioner's Room.
- D) City of Arlington Clean-Up Day, June 20<sup>th</sup>, 9 a.m. – 4 p.m. in Partnership with Tri-County Waste
- E) League of MN Cities Annual Conference, Duluth, June 26-28<sup>th</sup>.
- F) MMPA's Annual Summer Meeting with City Officials – July 23<sup>rd</sup> @ 5:30 p.m. Chaska Event Center.
- G) Ben Winchester Presentation – Moving In, Moving Out, Moving Over – July 23<sup>rd</sup> @5:30 – 7:00 p.m. Arlington Community Center.
- H) MN Municipal Utilities Association 88<sup>th</sup> Annual Summer Conference August 19-21<sup>st</sup> at Breezy Point Resort. Early registration is due by July 26.
- I) Leading Sibley Together is Recruiting Participants for the 2019-2020 Leadership Program, Applications can be found on the County website at [www.co.sibley.mn.us](http://www.co.sibley.mn.us). Submit application by August 9<sup>th</sup>.

The Council then moved on to Communications, and reviewed the PeopleService April report which was provided in the agenda packet. They are continuing to change out meters in town, and do routine maintenance items. Administrator Melvin explained a discrepancy in the quantity of monthly water pumped by telling the council that PeopleService staff did hydrant flushing during the month.

Next the Council discussed the May Building Permit Report. There were a total of 16 permits pulled in May. There are 2 new homes being built. A number of permits are being pulled for fences and numerous other miscellaneous home improvement items. Total value of building improvements was \$457,400 for the month of May.

Layne Kockelman came forward from the audience to provide the information regarding the 2018 Financial Audit which was conducted by Abdo, Eick & Meyers. Kockelman gave an overview and summary of the various reports which were provided to the City based upon the audit they conducted. Overall the City is in good financial standing and has a good rating. One issue that repeatedly pops up on the audit is the segregation of duties. Due to Arlington's small size this is a recurring comment that is common to many small governments not having multiple staff to divide out more of the financial responsibilities. The General Fund balance is healthy and Abdo, Eich & Meyers is recommending that Arlington create an excess reserve fund to move some funds out of the General Fund. The Enterprise funds were reviewed and Mr. Kockelman indicated some might warrant fee adjustments while others are starting to catch up with revenues matching expenditures.

Next Shannon Sweeney of David Drown Associates presented information to the Council regarding initiating financing for the 2019 Street and Utility Reconstruction Project. The final cost for the project is \$2.7 million (just over that), based on the cost reductions. There is a fire truck purchase also being included in the money being borrowed, which will allow the City to take advantage of some good interest rates. Total money being borrowed will be \$2.995 million. This is being structured over a 20 year term. This project will not cause an increase in the levy as other debt in the City is "falling off". He is recommending that there be a modest increase in storm sewer rates but the Council can make the final decision on this. To explain the process in a bit more detail, Sweeney advised the Council that: (1) the Council would advise David Drown Associates to initiate sale this evening; (2) they would have a rating agency call in the next couple of weeks where they obtain the credit rating; (3) they would then prepare an offering document and distribute it to underwriters; (4) receive bids on the morning of July 15 and then present them to the Council for award on the evening of July 15; and (5) close on or about August 1. Funds will be available from that date on to pay project costs. The interest rate being used in this preliminary analysis is 2.75%. When originally discussing this several months ago, the interest rate being suggested was well over 3%, possibly even 3.4%. So while construction costs were higher than originally projected, interest rates have moved in our favor. Shannon then offered a resolution for the Council's review and action which allows David Drown Associates to proceed with the project in the manner described. The interest rate would not be locked in until July 15 when bids are received and presented for award.

The Council had a question regarding the inclusion of the firetruck in the project cost and payment. Sweeney advised that the firetruck will be paid off over the course of 10 years, as allowed and prescribed by statute. The Council then had a question about what if a resident pays off their assessment cost more quickly than the 20 years, how does that affect the overall picture? If they receive lots of pre-payments it affects the cash flow because they are hoping to get the 5% interest payments. They do take into account that there will be some pre-payments. If the interest rate is set lower, the monies would need to be made up in tax levies. If the City would choose to pay it off too quickly, they would then pay a higher interest rate on the entire project. The Council asked about the monies that are set aside in the CIP for capital equipment fund – why doesn't the City use those funds? Sweeney responded that if cash is spent down too significantly it will diminish the City's credit rating, which would then raise the interest rate being

charged. Then if in the future capital equipment needs are determined, the City would need to levy for those funds in the taxes from the City residents. Sweeney feels that the reserves are good, not great, but that it puts the City in a position to obtain a good credit rating, for this and any other projects which may be necessary. Sweeney provided Resolution 41-2019 which is required to be approved for this agenda item and for the Council's review and action.

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

**RESOLUTION 41-2019**

**PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF  
\$2,995,000 GENERAL OBLIGATION BONDS, SERIES 2019A**

A. **WHEREAS**, the City Council of the City of Arlington, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue the City's \$2,995,000 General Obligation Bonds, Series 2019A (the "Bonds"), to finance the 2019 Street and Utility Reconstruction Project and to finance the purchase of a new fire truck; and

B. **WHEREAS**, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota ("David Drown"), as its independent financial advisor for the Bonds and is therefore authorized to sell the Bonds by a competitive negotiated sale in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9):

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

1. **Authorization.** The Council hereby authorizes David Drown to solicit bids for the competitive negotiated sale of the Bonds.

2. **Meeting; Bid Opening.** The Council shall meet at the time and place specified in the Terms of Offering attached hereto as Exhibit A for the purpose of considering sealed bids for, and awarding the sale of, the Bonds. The City Administrator, or designee, shall open bids at the time and place specified in such Terms of Offering.

3. **Terms of Offering.** The terms and conditions of the Bonds and the negotiation thereof are fully set forth in the "Terms of Offering" attached hereto as Exhibit A and hereby approved and made a part hereof.

4. **Official Statement.** In connection with said competitive negotiated sale, the officers or employees of the City are hereby authorized to cooperate with David Drown and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

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

The foregoing resolution was adopted by the City Council of the City of Arlington this 17<sup>th</sup> day of June, 2019.

Attested: /s/ Patrick Melvin  
City Administrator Patrick Melvin

Signed: /s/ Richard Nagel  
Mayor Richard Nagel

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

STATE OF MINNESOTA )  
COUNTY OF SIBLEY )  
CITY OF ARLINGTON )

I, the undersigned, being the duly qualified and acting Administrator of the City of Arlington, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the City's \$2,995,000 General Obligation Bonds, Series 2019A.

WITNESS my hand as such Administrator of the City this 17<sup>th</sup> day of June, 2019.

/s/ Pat Melvin  
Pat Melvin  
City Administrator

**TERMS OF OFFERING**  
**City of Arlington, Minnesota**

**\$2,995,000**

**General Obligation Bonds, Series 2019A**

**(BOOK ENTRY ONLY)**

**TERMS OF PROPOSAL**

Proposals for the Bonds will be received on Monday, July 15, 2019 at 12:00 Noon, Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 6:30 P.M., Central Time, on that same date.

**SUBMISSION OF PROPOSALS**

Proposals may be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, may be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY<sup>®</sup>, in the manner described below, until 12:00 Noon., local time on July 15, 2019. Bids may be submitted electronically via PARITY<sup>®</sup> pursuant to this Notice until 12:00 Noon, local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY<sup>®</sup> conflict with this Notice, the terms of this Notice shall control. For further information about PARITY<sup>®</sup>, potential bidders may contact David Drown Associates, Inc. or PARITY<sup>®</sup> at (212) 806-8304.

Neither the City of Arlington nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a

contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

**DETAILS OF THE BONDS**

The Bonds will be dated August 1, 2019, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$ 135,000	2028	\$ 150,000	2035	\$ 155,000
2022	135,000	2029	160,000	2036	160,000
2023	135,000	2030	135,000	2037	160,000
2024	140,000	2031	140,000	2038	165,000
2025	145,000	2032	145,000	2039	170,000
2026	145,000	2033	145,000	2040	180,000
2027	145,000	2034	150,000		

**TERM BOND OPTION**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

**BOOK ENTRY SYSTEM**

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

**REGISTRAR**

The City will name U.S. Bank, National Association, St. Paul, MN, as registrar for the Bonds. U.S. Bank shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

**OPTIONAL REDEMPTION**

The City may elect on February 1, 2027 and on any day thereafter, to prepay Bonds due on or after February 1, 2028. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

## **SECURITY AND PURPOSE**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition the City pledges revenues special assessments against benefitted properties and revenues from the storm sewer, water and sewer utilities.

The proceeds will be used to finance the 2019 Street Reconstruction and Utility Improvements Project located within the City. A portion of the proceeds will also finance the purchase of a new fire truck for the City.

## **TYPE OF PROPOSALS**

Proposals shall be for not less than \$2,956,065.00 (98.70%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$59,900 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## **AWARD**

The proposals will be evaluated on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

## **ISSUE PRICE DETERMINATION**

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- ii. all bidders shall have an equal opportunity to submit a bid;



- iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

#### **BOND INSURANCE AT PURCHASER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

#### **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

#### **SETTLEMENT**

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been

made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

### **FULL CONTINUING DISCLOSURE**

On the date of the actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide, or cause to be provided annual financial information, including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5). A description of the City's undertaking is set forth in the Official Statement.

### **OFFICIAL STATEMENT**

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated: June 17, 2019

BY ORDER OF THE CITY COUNCIL

/s/ Pat Melvin  
Arlington City Administrator

Next on the agenda, Police Chief Petterson came forward to provide the May Police Department update for the Council. Petterson pointed out that in May of 2018 there were 259 calls and in May of 2019 there were 441 calls (2.5 officers in 2018 and 4 officers in 2019); year to date in 2018 there had been 1,002 calls and 2019 YTD is at 1600 total calls. The PD is having Atty. Arneson review the truancy code so it can be revamped and hopefully presented to the Council in the July meeting. Additionally Atty. Arneson has implemented the bail schedule into the Court system so that now all of the Code and ordinances can be utilized to their fullest. Petterson feels there will need to be a discussion about the bail schedules which may need to be updated in the City Fee Schedule. To update the trailer park issues, there was supposed to be a trailer removed last weekend, which did not occur. The PD is taking pictures and working with Atty. Arneson on this issue and others related to the trailer park. Also, the PD is intending on moving forward with installing security cameras (6) in and around their office. There is supposed to be some money coming from another area which may allow the cameras to be installed at the PD and hopefully also at the City offices at no cost to the City. Petterson also gave a Northland Drying update. He did take the noise monitoring device back to the MPCA and downloaded all the information that was on the device. In the recordings that they have

taken, the majority have been below the 50 decibel level. There has been 1 citation issued to Northland Drying and the PD will wait to see how things are handled in the Court system with that one citation, but they do have additional recording over the limit to present to the Court as necessary. Adm. Melvin asked about how the upcoming cell phone hands free law was going to be handled. Petterson said that he is unsure of the exact cost of what the ticket will be but he is hopeful that the publicity around this upcoming law change will help people make the change prior to the new law.

Next on the agenda was the Annual Report of the Planning and Zoning which was presented by Jennifer Nuesse of the PZ. Nuesse gave an overview of the report which had been provided to the Council, outlining the duties and tasks of the PZ and some of the areas in particular where the PZ was involved. The PZ in particular this year is reviewing the Comprehensive Plan to make sure that the PZ goals are in line with the Plan and with the Council. Council acknowledged the good work of the Planning Committee in identifying locations suitable for a future industrial park.

In moving forward on the agenda, Adm. Melvin reviewed Resolutions 35-2019 and 36-2019 which had been on the previous Council agenda, but which had been tabled to allow Atty. Arneson and Curt Cordt of MVEC to review the interconnection packet which had been provided pertaining to these 2 resolutions. Atty. Arneson provided to the Council that these two resolutions pertain to alternative forms of energy which may in the future be installed by residents, who then want to attach to the electrical grid, but that all costs associated with it will be borne by the resident who installs any such alternative energy system. After his review of all information provided, Atty. Arneson recommended that the Council approve these 2 resolutions.

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

**RESOLUTION 35-2019**

**A RESOLUTION ADOPTING THE CITY OF ARLINGTON ELECTRICAL SYSTEM DISTRIBUTED ENERGY RESOURCE INTERCONNECTION PROCESS.**

**WHEREAS**, by order on September 28, 2004, the Minnesota Public Utilities Commission adopted Generic Standards for Utility Tariffs for Interconnection and Operation of Distributed Generation Facilities; and

**WHEREAS**, Minnesota Statutes Section 216B.1611, subdivision 3 required municipal utilities to adopt a generation tariff that addressed the issues included in the commission's order; and

**WHEREAS**, under Minnesota Statutes Section 216B.25, any order of the commission rescinding, altering, amending, or reopening a prior order shall have the same effect as an original order; and

**WHEREAS**, by order on August 13, 2018, the Minnesota Public Utilities Commission adopted an updated interconnection process for distributed energy resources replacing the standards adopted in 2004; and

**WHEREAS**, the City of Arlington Electrical System Distributed Energy Resource Interconnection Process addresses the issues included in the commission's 2018 order; and

**WHEREAS**, this Distributed Energy Resource Interconnection Process functions in concert with the City of Arlington Electrical System Policy Regarding Distributed Energy Resources and Net Metering as well as its Rules Governing the Interconnection of Cogeneration and Small Power Production;

**NOW THEREFORE, BE IT RESOLVED** that the Arlington City Council adopts the City of Arlington Electrical System Distributed Energy Resources Interconnection Process.

The motion for the adoption of the foregoing resolution was duly seconded by Hatlestad, and upon poll being taken thereon the following voted in favor thereof: Battcher, Hatlestad, Heiland, and Jaszewski; and

the following against the same: None; and the following abstained from voting: None; and the following were absent: Cowell.

Adopted by the City Council of the City of Arlington this 17<sup>th</sup> day of June, 2019.

Attested: /s/ Patrick Melvin  
City Administrator Patrick Melvin

Signed: /s/ Richard Nagel  
Mayor Richard Nagel

Whereupon the resolution was declared duly passed and executed.

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

**RESOLUTION 36-2019**  
**A RESOLUTION ADOPTING CITY OF ARLINGTON ELECTRICAL SYSTEM'S**  
**POLICY REGARDING DISTRIBUTED ENERGY RESOURCES AND**  
**NET METERING AND RULES GOVERNING THE INTERCONNECTION OF COGENERATION**  
**AND SMALL POWER PRODUCTION FACILITIES.**

**WHEREAS**, the City is served by City of Arlington Electrical System, which is committed to providing customers with reliable and affordable power.

**WHEREAS**, the purpose of this Distributed Energy Resources and Net Metering Policy is to establish the qualification criteria and certain responsibilities for the delivery, interconnection, metering, and purchase of electricity from distributed generation facilities.

**WHEREAS**, this policy, in accordance with Minnesota Statutes §216B.164, shall be implemented to give the maximum possible encouragement to cogeneration and small power production consistent with protection of the utility's ratepayers and the public.

**WHEREAS**, the purpose of the Cogeneration and Small Power Production Rules is for City of Arlington Electrical System to implement certain provisions of Minnesota Statutes §216B.164, the Public Utility Regulatory Policies Act of 1978, and Federal Energy Regulatory Commission regulations related to customer-owned distributed energy resources.

**WHEREAS**, the adoption of these rules establishes that the Arlington City Council is the interpreting body and arbiter of the provisions of Minnesota Statutes §216B.164 for City of Arlington Electrical System.

**WHEREAS**, City of Arlington Electrical System shall annually file a cogeneration and small power production tariff with the City of Arlington under these rules.

**WHEREAS**, the cogeneration and small power production tariff shall include a calculation of average retail utility energy rates, standard contracts to be used with qualifying facilities, interconnection process and technical requirements, and City of Arlington Electrical System's estimated average incremental energy costs and net annual avoided capacity costs.

**WHEREAS**, all filings under these rules shall be maintained at the City of Arlington Electrical System offices and shall be made available for public inspection during normal business hours.

**NOW THEREFORE, BE IT RESOLVED** that the Arlington City Council adopts the following Policy Regarding Distributed Energy Resources and Net Metering and Rules Governing the Interconnection of Cogeneration and Small Power Production Facilities.

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, Hatlestad, Heiland, and

Jaszewski; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: Cowell.

The foregoing resolution was adopted by the City Council of the City of Arlington this 17<sup>th</sup> day of June, 2019.

Attested: /s/ Patrick Melvin  
City Administrator Patrick Melvin

Signed: /s/ Richard Nagel  
Mayor Richard Nagel

Whereupon the resolution was declared duly passed and executed.

The Council then moved on to Resolutions 37-2019(A) and (B) and 38-2019(A) and (B) which pertain to the variance requests regarding a fence and deck at 401 West Brooks St. Jeanne Bearson, resident at 401 West Brooks St. came forward to address the Council regarding her requests for these variances. Bearson presented her counterpoints to the issues represented by the PZ in denying her requests. In regard to the denial of her fence variance, Bearson suggests the Council drive the streets of the City to see that there are numerous fences existing within the City which are out of compliance with the present ordinance. Regarding her request for the deck on her property, Bearson presented pictures, drawings, and explanation of the deck which she intends to build on her property. Bearson feels that the placement of her house and garage as they are situated on her property allows that there is no practical way for her to locate her deck and fence other than to request variances. Bearson feels that the City ordinances presently in place are restrictive and discriminatory to her and other residents as they prohibit them from enjoying their property with space as they wish. The Council asked if all the information she just presented had also been presented to the PZ. Bearson advised that no, because she was not aware of the objections of the PZ, she had not prepared the information she just now presented. There was then discussion among the Council members as they tried to understand all parameters and why the PZ had denied the variances. Based upon the evidence and information presented by Bearson, there was a Motion by Hatlestad, seconded by Jaszewski, and passed by a vote of 3 in favor, 1 opposed, and 1 member absent, to REFER these variance requests and Resolutions 37-2019(A) and (B) and 38-2019(A) and (B) BACK to Planning and Zoning for reconsideration based upon the additional information presented.

The Council then reviewed Resolution 39-2019 which is a gambling permit for the Arlington Chamber of Commerce to conduct purse bingo during the Arli-Dazzle celebration in 2019.

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

#### **RESOLUTION 39-2019**

#### **A RESOLUTION APPROVING THE APPLICATION FOR A LAWFUL GAMBLING PERMIT FOR ARLINGTON AREA CHAMBER OF COMMERCE**

**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 Arlington Area Chamber of Commerce for a purse bingo event on December 6, 2019.

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

The foregoing resolution was adopted by the City Council of the City of Arlington this 17<sup>th</sup> day of June, 2019.

Attested: /s/ Patrick Melvin  
City Administrator Patrick Melvin

Signed: /s/ Richard Nagel  
Mayor Richard Nagel

Whereupon the resolution was declared duly passed and executed.

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

#### **RESOLUTION 40-2019**

#### **A RESOLUTION APPROVING THE APPLICATION FOR A LAWFUL GAMBLING PERMIT FOR ARLINGTON AREA CHAMBER OF COMMERCE**

**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 Arlington Area Chamber of Commerce for a raffle event on December 7, 2019.

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

The foregoing resolution was adopted by the City Council of the City of Arlington this 17<sup>th</sup> day of June, 2019.

Attested: /s/ Patrick Melvin  
City Administrator Patrick Melvin

Signed: /s/ Richard Nagel  
Mayor Richard Nagel

Whereupon the resolution was declared duly passed and executed.

Next the Council moved on to Item #11 on the agenda – which was a Northland Drying update, reviewing the report of ESI Engineering for the noise level testing which they conducted on behalf of Northland Drying. This report indicated that Northland Drying was within the parameters of the State limits when the tests were conducted. There were times when the noise exceeded the limits, but there was other noise such as birds, rain, etc. which interfered with an accurate testing of just Northland Drying.

Moving on to the next item on the agenda was to have the Council approve Change Order 1 for the 2019 Street & Utility Improvement project, which was due to the reduction in costs to the project by removing the sidewalks and the value engineering changes including use of poly and cement storm water piping, use of less expensive asphalt oil and less top soil expenses. Motion by Hatlestad, seconded by Jaszewski, and passed by unanimous vote of those present, to APPROVE Change Order 1 for the 2019 Street & Utility Improvement Project in the amount of \$145,989.46 reduction.

Adm. Melvin presented to the Council that the City has been awarded \$20,000 from Southern Minnesota Initiative Foundation (SMIF) for the Entrepreneurs, Learners, and More on Main Street. This is a grant commitment which has been reviewed by the City Atty. and it now needs to be approved for signature by Mayor Nagel. The grant period runs from July 1, 2019 to June 30, 2020. Motion by Heiland, seconded by Hatlestad, and passed by unanimous vote of those present, to authorize the Mayor's signature on the SMIF grant document.

The next item on the agenda is the Council Member/Committee Updates. Adm. Melvin, who has been attending the MMPA meetings, spoke to a letter to the editor which appeared in the local newspaper regarding the wind turbine which has not been used in Arlington in the last several months. The MMPA Board has been discussing this equipment as a symbol of MMPA's pursuit of additional renewable energy sources, and they are intending on refurbishing the wind turbine to get it running again in the next six months. The wind turbines when purchased were used and do not generate a significant amount of energy, but are an important part of MMPA's identity.

Adm. Melvin then spoke to the Council about potentially choosing a different date for the Ben Winchester presentation as the date originally chosen (July 23) conflicts with the MMPA Annual Summer meeting. Additional dates proposed by Ben Winchester were: August 6, August 7, or August 20. The Council advised that August 6 would be a conflict with the Arlington Night Out. The Council asked if we could be allowed to record his presentation in case someone who would like to attend the event is unable to attend. Motion by Heiland, seconded by Hatlestad to arrange to have the Winchester presentation on August 7, 2019.

The Mayor then asked if anyone has yet done the online Land Use Training. To date, no one has done this.

Motion by Hatlestad, seconded by Battcher, and passed by unanimous vote, to adjourn the meeting at 8:32 p.m.

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City Administrator Patrick Melvin

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Mayor Richard Nagel