

**REGULAR MEETING OF THE DASSEL CITY COUNCIL
AUGUST 19, 2019, 7:00 P.M.
DASSEL CITY HALL**

The Regular a Meeting of the Dassel City Council was called to order by Mayor Hungerford at 7:00 p.m. on August 19, 2019 at the Dassel City Hall.

Mayor Hungerford led the opening Pledge of Allegiance.

Present: Council members Carlson, Hallquist, Weseloh and Mayor Hungerford (4)

Absent: Hollaran (1)

APPROVAL OF MINUTES

Motion by Weseloh, seconded by Hallquist to approve the July 15, 2019 Special Meeting and July 15, 2019 Regular Meeting minutes as presented. Motion carried unanimously.

OPEN FORUM

Clint Scherping, Planning Commission Member submitted a request to remain on the Planning Commission. No action was taken.

Jeff Schmandt, requested permission to burn the piles of brush from his property, 650 Parker Ave W. Paul Haekenkamp owns the property that the pile was pushed onto and wants the pile burned or removed. Fire Chief Johnson will work with Schmandt on how the piles could be burned instead of taking it to the compost facility.

Elicia Brantley requested the use of some city picnic tables on August 31st. She will coordinate with the Public Works Director.

Larry Oberg, Red Rooster Parade provided the Council with a list of streets that will be closed prior to and during the parade. He requested the Council assist in judging the parade float entries.

Cam Ryan, owner of Red Rooster Foods presented a petition to the Council containing over 700 signatures opposed to Dollar General opening in the City of Dassel. He provided statistics on loss of profits to existing stores when a Dollar General opens in a town. He urged the Council to fight against Dollar General in Dassel.

Carl Wilkins, Commander American Legion Post will be hosting a flag destroying ceremony on October 3. The Boy Scouts will also be participating in the ceremony. He invited the Council and the public to attend the ceremony which will be held at 6:00 p.m. The Council and Fire Department approved the tentative location for the ceremony pending Fire Department approval to use their parking lot. The public was encouraged to drop off any flags for destruction at the City Hall.

Paul Haekenkamp urged the Council not to interfere with the free market and allow Dollar General to come to town if they find suitable location. He provided statistics on the economic impact they make through property taxes and providing local jobs.

Paul Francois spoke to the Council about business competition in towns and elaborated on how the two clinics have been able to operate with the help of two local hospitals. He urged caution on proceeding to allow Dollar General.

ADDITIONS/OMISSIONS TO AGENDA

Add: Clerk item 8H. Bid for carpet, council platform

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Motion by Carlson, seconded by Hallquist to approve the agenda with 1 addition listed above. Motion carried unanimously.

CONSENT AGENDA

- A. Approve payment of claims in the amount of \$342,202.84
- B. Approve Annual Dance Permit for Thirsty's Tavern
- C. Approve Temporary Liquor License Application for Cokato Dassel Rotary, Dassel Ballpark, Red Rooster Days (all required paperwork has been received)

Motion by Hallquist, seconded by Weseloh to approve consent agenda items A-C as listed above. Motion carried unanimously.

Council & Committee Reports

- A. Clerk Boese reported on the recent meeting she and Mayor Hungerford had with a census representative in regard to the 2020 Census and the need for a local Complete Count Committee. Census jobs are opening up now and additional information is available on the census website and city hall.

- B. The Council reviewed the Red Rooster July financial reports as presented by the Committee.

DEPARTMENTAL REPORTS

Clerk/Treasurer

Clerk Boese reported on the following upcoming meetings and informational items:

- 1. Water Treatment Improvement Project Pre-Construction Meeting, Tue, Aug 20, at 2:30 pm, Dassel City Hall
- 2. Discover Dassel meeting, Tue, Aug 20, at 5 pm, Dassel History Center
- 3. DAHS Board meeting, Tue, Aug 27, at 10 am, Dassel History Center
- 4. Fire Advisory Board meeting, Wed, Aug 28, at 7 pm, Dassel Fire Hall
- 5. Park & Rec Board meeting, Tue, Sep 3, at 5:30 pm, Dassel City Hall
- 6. Department Head monthly meeting, Wed, Sep 11, at 7:00 am, Dassel History Center
- 7. DC Trail Committee meeting, Thu, Sep 12, at 5:00 pm, Cokato City Hall

Other/Action Items

Motion by Weseloh, seconded by Hungerford to approve Clerk Boese participation in the University of MN, Meeker County Leadership Program at a cost of \$450. Motion carried with Carlson voting no.

Motion by Hungerford, seconded by Hallquist to approve the contract with TownCloud for agenda management software at a cost of \$50/month through December 31, 2019, and evaluate continuation at the end of the year. Motion carried with Carlson voting no.

The Council reviewed a notice from the Meeker County Auditor in regard to upcoming elections and the need to replace election equipment.

Waste Management's contract expires on 12/31/19. The Council will seek RFP's for solid waste and recycling services and approved the proposal timeline.

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The Council reviewed the proposed 2020 levy of \$830,163. It was agreed to continue discussion on the proposed 2020 general fund budget and levy at a special meeting on September 16th at 5:30 p.m.

Clerk Boese reported on the recent Cable Commission meeting and the notification that was received from Charter on the proposed amendments to the Franchise Agreement which the City approved earlier this year. The Commission approved returning the franchise fees to participating cities for 3 quarters of the year.

Boese reported on the MN Wage Theft Law seminar she attended and will be providing employees with wage notification forms for as required.

Motion by Weseloh, seconded by Hungerford to approve the bid from Tri-County Flooring for carpeting the raised council platform as part of the new ramp bid at a total cost of \$5,161 from General Capital Outlay line item 101-41000-500. Motion carried with Carlson voting no.

City Attorney

Attorney Greenley recommended repealing the following City Code Sections: 32.15-32.18 NURSING HOME BOARD as they no longer apply.

The Council will hold a public hearing on September 16th to repeal the following City Code Sections: 32.15 - 32.18 Nursing Home Board and Chapter 35 Administrative Offenses.

Greenley reviewed the proposed amendments to the Personnel Policy in regard to Constructive Receipt of pay, IRS Code 451 and recommended a committee meet to discuss this issue in detail. Hungerford and Weseloh agreed to meet with the Department Heads and Greenley to see if a recommendation could be reached.

Greenley presented the proposed amendments to Chapter 110: Alcoholic Beverages for Council review. It was agreed to continue discussion on this item at a special meeting on September 16th at 5:30 p.m.

Fire Chief Report

Chief Johnson reported 30 calls for July with 13 of them being in the City of Dassel. He also reported on the following items:

1. Brian Gillman has resigned from the department with 24 years of service. Had been Safety Officer and also served on the Relief Board
2. Did not receive the DNR grant this year
3. We received an extra \$1060.00 for training reimbursement for last year
4. Members participated in parades in Litchfield, Cokato, and Darwin
5. Have 2 applicants coming in September to discuss requirements for becoming a member of the department

Motion by Weseloh, seconded by Hungerford to accept Brian Gillman's resignation from the fire department and thanked him for his 24 years of service. Motion carried unanimously.

Johnson will meet with Mr. Schmandt on his request to burn a brush pile.

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Liquor Store Manager

Manager Vetsch presented the July, 2019 monthly liquor store report, which showed gross sales of \$134,229.90, best sales month ever for the store and 13% increase of last year. They are moving into fall/football season. He requested a committee be set up to review and direct the development of a CIP for the facility. Anyone who is interested in serving on the committee was directed to contact Clerk Boese.

Museum Director

Director Holje reported on the following projects and happenings at the History Center:

The Art Festival is October 26th from 10 am-4 pm. There will be a food truck at the History Center and we would like to request some city picnic tables be delivered for use by festival participants.

Grants

Lighting Evaluation –Received Report

Soft water and new NFS dishwasher installed in the History Center

Happenings

Summer Music Jam – Aug 26, Come and join the fun – keyboards, voices, other instruments. Everyone welcome

Seed Corn: from Maize to Amazing and Manthei Farm Dioramas
Exhibited through Labor Day.

Rose Edin speaking at RRWeekend. Saturday, Aug. 31, 10 a.m.
Exhibit of her work through Oct. 12

Great Gatsby Gala, Oct. 5

Holje also reported that the Museum has been using storage in the buildings next door which are owned by Mark Lazarchik. He has decided to start charging rent for the space so they will be removing the items they have stored at that location. However, there is a portable bar being stored there that was purchased by the city, which has only been used a few times and Holje recommended the Council sell it instead of continue storing it.

The council agreed to advertise the bar for sale and Holje will get pictures of the bar to the City Clerk.

Public Works Department

Motion by Weseloh, seconded by Hallquist to purchase iPad Pro as part of the water treatment rehab project at a cost of \$1,299.99 from Computer Samurai. Motion carried unanimously.

Director Otten provided a report on the following items:

Street Department-

- Waiting on a quote from Mid Minnesota Hot Mix for the repairs to the manholes throughout town along with a quote to patch Willis and to patch C J Moe.

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Water Dept. / Water Plant-

- Hoping to start painting fire hydrants this month as time and weather allows us. Starting in the main part of town and working outward.

Sewer Department-

- Some of the equipment has come in for the Sewer Plant. The plant is currently circulating to build up a good sludge base. After that, we will sample and see what testing results we are getting for discharge. Water is pretty low in the ponds as of now but we still have a lot of time ahead of us for wet weather and heavy usage. I did find some of the testing equipment cheaper through another company we purchase from.
- Training in St. Cloud the 13th – 15th was good and I will be taking Class C Waste Water Treatment on October 2nd.
- Flow Measurement & Control will be coming to calibrate all of the sewer pumps and meters. This is required by MPCA to be done twice annually.
- Some issues with the irrigation fields have been fixed and some will be fixed this week. Wiring for a pivot had to be repaired by an electrician and 4 solid set heads will be repaired by us this week.

Buildings/ Equipment-

- One dump truck is in for service and will be DOT certified.
- Continuing to clean out buildings, getting rid of excess things that are broken, no longer used, etc. taking in a load of scrap metal.

City Engineer

DeWolf provided an update on the south storm sewer pond project and the need for additional work in that area. He stated that the tile system which is part of the County Ditch system #8 will also need work.

Motion by Hungerford, seconded by Weseloh to accept the quote from Juul Contracting Company in the amount of \$79,296.10 to complete the original south side storm improvement including additional work that needs to be done to the damaged/broken pipe. Motion carried unanimously.

Due to increase cost on the above project the Council agreed to address the Lake Street storm sewer project in 2020. Mayor Hungerford and Clerk Boese will meet with the abutting property owner, Jack Adams to let him know that the project was moved to 2020. DeWolf will look at a construction easement and provide the Council with additional options for this improvement.

DeWolf presented an updated Capital Improvement Plan for 2020 - 2030. He reviewed the 429 Assessment process which requires a resolution and public hearings. The next step would be preparation of plans and specifications. DeWolf will provide the Resolution to Proceed at the September regular meeting. The Council will review in detail at the special meeting on September 16th.

Sheriff's Report

Deputy Schaefer reviewed the Sheriff's report which showed 109 calls for the month of July.

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BUSINESS ITEMS

At the September 17, 2018 council meeting Lynda Peterson requested the City Council consider a new city slogan for the city website and for city advertising. The idea was introduced at the Home to Roost Forum and voted on. The new city slogan requested for consideration to be used with the existing Rooster logo is "Artful Country Living." No action was taken on this request.

The Council reviewed the PFA Water Treatment Rehab project approval letter.

Motion by Carlson, seconded by Weseloh to adopt Resolution 2019-014 as follows:

**RESOLUTION ACCEPTING THE OFFER OF THE MINNESOTA PUBLIC FACILITIES
AUTHORITY TO PURCHASE A \$2,436,100 GENERAL OBLIGATION TAXABLE WATER
REVENUE NOTE OF 2019, PROVIDING FOR ITS ISSUANCE AND AUTHORIZING
EXECUTION OF A BOND PURCHASE AND PROJECT LOAN AGREEMENT**

A. WHEREAS, the City Council of the City of Dassel, Minnesota (the "City"), has heretofore applied for a loan from the Minnesota Public Facilities Authority (the "PFA") to provide financing pursuant to Minnesota Statutes, Chapters 444 and 475, for the rehabilitation of the drinking water treatment plant, all as detailed in the Minnesota Department of Health's certification, dated June 28, 2019 (the "Project"); and

B. WHEREAS, the PFA is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds, to provide loans and other assistance to municipalities to fund eligible costs of construction of publicly owned drinking water systems in accordance with the federal Safe Drinking Water Act; and

C. WHEREAS, the City has applied for a loan from the PFA pursuant to such program and the PFA has committed to make a loan to the City in the principal amount of \$2,436,100, to be disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated July 17, 2019 (the "Bond Purchase and Project Loan Agreement"), a copy of which has been presented to the Council and is on file with the Clerk-Treasurer; and

D. WHEREAS, in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(4), the City is authorized to issue obligations to a board, department or agency of the State of Minnesota by negotiation and without advertisement for bids and the PFA is, and has represented that it is, a board, department or agency of the State of Minnesota; and

E. WHEREAS, the City owns and operates a municipal water system as a separate revenue producing public utility (the "System") and there are outstanding (i) \$1,811,458 original principal amount of General Obligation Water Revenue Note of 1999, dated July 12, 1999, (ii) \$1,238,014 original principal amount of General Obligation Water Revenue Note of 2008, dated October 14, 2008, (iii) \$352,662 original principal amount of General Obligation Water Revenue Note of 2009, dated August 26, 2009, and (iv) \$302,900 General Obligation Water Revenue Note of 2013, dated August 21, 2013 (the "Outstanding Notes"), which are payable from the net revenues of the System; and

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F. WHEREAS, a contract or contracts for the Project have been made by the City with the approval of the PFA and all other state and federal agencies of which approval is required:

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Dassel, Meeker County, Minnesota, as follows:

1. Acceptance of Offer; Payment. The offer of the PFA to purchase a \$2,436,100 General Obligation Taxable Water Revenue Note of 2019 of the City (the "Note"), at the rate of interest hereinafter set forth, and to pay therefor the sum of \$2,436,100 as provided below, is hereby accepted, and the sale of the Note is hereby awarded to the PFA. Payment for the Note shall be disbursed in installments as eligible costs of the Project are reimbursed or paid, all as provided in the Bond Purchase and Project Loan Agreement.

2. Title; Date; Denomination; Interest Rates; Maturities. The Note shall be a fully registered negotiable obligation, shall be titled "General Obligation Taxable Water Revenue Note of 2019", shall be dated as of the date of delivery and shall be issued forthwith. The Note shall be in the principal amount of \$2,436,100, or so much thereof as shall be disbursed pursuant to the Bond Purchase and Project Loan Agreement, shall bear interest on so much of the principal amount of the Note as may be disbursed and remains unpaid until the principal amount of the Note has been paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2020. Interest starts accruing as of the date of the initial disbursement. A principal payment of \$1,900 is due on February 20, 2020. In addition to the February 20, 2020 principal payment, principal on the Note shall mature on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$109,000	2030	\$122,000
2021	112,000	2031	123,000
2022	113,000	2032	125,000
2023	114,000	2033	126,000
2024	115,000	2034	127,000
2025	116,000	2035	128,000
2026	117,000	2036	130,000
2027	119,000	2037	131,000
2028	120,000	2038	132,000
2029	121,000	2039	134,200

Interest shall accrue only on the aggregate amount of the Note which has been disbursed and is unpaid under the Bond Purchase and Project Loan Agreement. The principal

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installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of the Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Principal, interest and any premium due under the Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name the Note is registered, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts.

Interest on the Note includes amounts treated by the PFA as service fees.

3. Purpose; Cost. The proceeds of the Note shall provide funds to finance construction of the Project. The total cost of the construction of the Project, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the Project before the collection of net revenues pledged and appropriated therefor, and all other costs necessarily incurred and to be incurred from the inception to the completion of the Project, is estimated to be at least equal to the amount of the Note. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Redemption. The Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the PFA, or mandatorily as provided in the Bond Purchase and Project Loan Agreement.

5. Registration of Note. At the time of issuance and delivery of the Note, the officer of the City performing the functions of the clerk-treasurer (the "Clerk-Treasurer") shall register the Note in the name of the payee in a note register which the Clerk-Treasurer and the officer's successors in office shall maintain for the purpose of registering the ownership of the Note. The Note shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Note hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to the Note, may be made to the registered holder thereof or to the registered holder's legal representative, without presentation or surrender of the Note.

6. Form of Note. The Note, together with the Certificate of Registration attached thereto, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF MEEKER
CITY OF DASSEL

\$2,436,100 GENERAL OBLIGATION TAXABLE WATER REVENUE NOTE OF 2019

The City of Dassel, Meeker County, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the Minnesota Public Facilities Authority or the registered assign, the principal sum of TWO MILLION FOUR HUNDRED THIRTY-SIX

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THOUSAND ONE HUNDRED DOLLARS, or so much thereof as may have been disbursed, with a principal payment of \$1,900 due on February 20, 2020 and thereafter on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$109,000	2030	\$122,000
2021	112,000	2031	123,000
2022	113,000	2032	125,000
2023	114,000	2033	126,000
2024	115,000	2034	127,000
2025	116,000	2035	128,000
2026	117,000	2036	130,000
2027	119,000	2037	131,000
2028	120,000	2038	132,000
2029	121,000	2039	134,200

and to pay interest on so much of the principal amount of the debt as may be disbursed and remains unpaid until the principal amount hereof is paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2020. Interest starts accruing as of the date of the initial disbursement.

Principal and Interest Payments. Interest shall accrue only on the aggregate amount of this Note which has been disbursed under the Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of July 17, 2019, by and between the City and the Minnesota Public Facilities Authority (the "Bond Purchase and Project Loan Agreement"). The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Note has not been disbursed; provided that if the full principal amount of this Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Interest on this Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name this Note is registered, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the Minnesota Public Facilities Authority, or mandatorily as provided in the Bond Purchase and Project Loan Agreement.

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Purpose; General Obligation. This Note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the construction of improvements to the municipal water system (the "Water System"), specifically for the rehabilitation of the drinking water treatment plant, all as detailed in the Minnesota Department of Health's certification, dated June 28, 2019 (the "Project"); and is payable out of the PFA Debt Service Account of the Water Revenue Fund of the City, to which account have been pledged net revenues of the Water System. This Note constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Note shall be registered in the name of the payee on the books of the City by presenting this Note for registration to the Clerk-Treasurer, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Clerk-Treasurer.

Fees Upon Transfer or Loss. The Clerk-Treasurer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Note and any legal or unusual costs regarding transfers and lost notes.

Bond Purchase and Project Loan Agreement. The terms and conditions of the Bond Purchase and Project Loan Agreement are incorporated herein by reference and made a part hereof. The Bond Purchase and Project Loan Agreement may be attached to this Note, and shall be attached to this Note if the holder of this Note is any person other than the Minnesota Public Facilities Authority.

Taxable Interest. The interest on this Note is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for State of Minnesota income tax purposes.

Not Qualified Tax-Exempt Obligation. This Note has not been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the City has covenanted and agreed with the holder of this Note that it will impose and collect charges for the service, use and availability of and connection to the Water System at the times and in amounts necessary to produce net revenues adequate to pay all principal and interest when due on this Note; that the City will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property in the City, without limitation as to rate or amount, for the years and in amounts sufficient to pay the installments of principal and interest on this Note as they respectively become due, if the net revenues from the Water System and any other revenues

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irrevocably appropriated to said PFA Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Dassel, Meeker County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the signatures of its Mayor and of its Clerk-Treasurer, and the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2019.

CITY OF DASSEL, MEEKER COUNTY,
MINNESOTA

(DO NOT SIGN)

Mayor

(DO NOT SIGN)

Clerk-Treasurer

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CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or his, her or its legal representative last noted below.

<u>DATE OF REGISTRATION</u>	<u>REGISTERED OWNER</u>	<u>SIGNATURE OF CLERK- TREASURER</u>
(do not date)	Minnesota Public Facilities Authority Saint Paul, Minnesota Federal Employer Identification No. 41-6007162	(DO NOT SIGN)

7. Execution. The Note shall be executed on behalf of the City by the signatures of its Mayor and Clerk-Treasurer; the seal of the City has been intentionally omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Note may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as such officer had remained in office until delivery.

8. Delivery; Application of Proceeds. The Note when so prepared and executed shall be delivered by the Clerk-Treasurer to the purchaser thereof prior to disbursements pursuant to the Bond Purchase and Project Loan Agreement, and the purchaser shall not be obliged to see to the proper application thereof.

9. Fund and Accounts. There has heretofore been created a separate fund in the City treasury designated the Water Fund (the "Fund"). The Clerk-Treasurer and all municipal officials and employees concerned therewith shall maintain financial records of the receipts and disbursements of the Water System in accordance with the resolutions establishing the Fund. The Operation and Maintenance Account heretofore established by the City for the Water System shall continue to be maintained in the manner heretofore provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Account shall constitute and are referred to as "net revenues" until the Note has been paid. There shall be maintained in the Fund the following accounts:

(a) A "PFA Construction Account", to which shall be credited all proceeds received from the sale of the Note. The Note shall be the only source of moneys credited to the PFA Construction Account. It is recognized that the sale proceeds of the Note are received in reimbursement for costs expended on the Project or in direct payment of such costs, and that accordingly the moneys need not be placed in the PFA Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The moneys in the PFA Construction Account shall be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Minnesota Statutes, Section 475.65, provided that such moneys shall only be expended for costs and expenses

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which are permitted under the Bond Purchase and Project Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved. Upon completion of the Project and the payment of the costs thereof, any surplus shall be transferred to the PFA Debt Service Account.

(b) A "PFA Debt Service Account", to which shall be irrevocably appropriated, pledged and credited: (i) net revenues of the Water System in an amount sufficient to pay the principal of, and interest on, the Note when due; (ii) any collection of taxes which may hereafter be levied in the event the net revenues of the Water System herein pledged for the payment of the Note are insufficient therefor; (iii) all investment earnings on moneys held in the PFA Debt Service Account; (iv) any amounts transferred from the PFA Construction Account; and (v) any other moneys which are properly available and are appropriated by the City Council to the PFA Debt Service Account. The moneys in the PFA Debt Service Account shall be used only to pay or prepay the principal of, and interest on, the Note and any other general obligation bonds hereafter issued and made payable from the PFA Debt Service Account, and to pay any rebate due to the United States with respect to the PFA Bonds in connection with the Note.

The City shall observe the covenants of paragraphs 16, 17 and 18 of this resolution and of Article 3 of the Bond Purchase and Project Loan Agreement with regard to the Fund.

10. Coverage Test; Pledge of Net Revenues; Excess Revenues. It is hereby found, determined and declared that the net revenues of the Water System are sufficient in amount to pay when due the principal of and interest on the Note and the Outstanding Notes and a sum at least five percent in excess thereof. The net revenues of the Water System are hereby pledged on a parity lien with the Outstanding Notes, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the Note. Excess net revenues may be used for any proper purpose. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Water System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that estimated net revenues of the Water System will be sufficient, in addition to all other sources, for the payment of the Note and such additional obligations, and any such pledge and appropriation of net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

11. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the holder of the Note that it will impose and collect charges for the service, use and availability of and connection to the Water System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Note.

12. General Obligation Pledge. The full faith, credit and taxing powers of the City shall be, and are hereby, irrevocably pledged for the prompt and full payment of the principal and interest on the Note, as the same respectively become due. If the net revenues of the Water System appropriated and pledged to the payment of principal and interest on the Note, together with other funds irrevocably appropriated to the PFA Debt Service Account shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as they become due. If the balance in the Debt

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Service Account is ever insufficient to pay all principal and interest then due on the Note and any other obligations payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the PFA Debt Service Account when a sufficient balance is available therein.

13. Certificate of Registration. The Clerk-Treasurer is hereby directed to file a certified copy of this resolution with the County Auditor of Meeker County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register.

14. Bond Purchase and Project Loan Agreement. The Bond Purchase and Project Loan Agreement is hereby approved in substantially the form presented to the City Council, and in the form executed is hereby incorporated by reference and made a part of this resolution. Each and all of the provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Bond Purchase and Project Loan Agreement, and to the extent that any provision in the Bond Purchase and Project Loan Agreement is in conflict with this resolution as it relates to the Note, that provision shall control and this resolution shall be deemed accordingly modified. The City's execution and delivery of the Bond Purchase and Project Loan Agreement by the Mayor and Clerk-Treasurer is hereby approved, ratified and authorized. The execution of the Bond Purchase and Project Loan Agreement by the appropriate officers shall be conclusive evidence of the approval of the Bond Purchase and Project Loan Agreement in accordance with the terms hereof. The Bond Purchase and Project Loan Agreement may be attached to the Note, and shall be attached to the Note if the holder of the Note is any person other than the PFA.

15. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the City relating to the Note and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

16. Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangement for the cost of the Project, in such a manner as to cause the PFA Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that it will take no actions over the term of the Note that would cause the PFA Bonds to be private activity bonds, and the average term of the Note is not longer than reasonably necessary for its governmental purpose.

17. Tax-Exempt Status of the PFA Bonds; Rebate. The City with respect to the Note shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the PFA Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the PFA Bonds, and (c) the rebate of excess investment earnings to the United States. The City covenants and agrees with

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the PFA that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note which are considered gross proceeds of the PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the PFA Bonds shall not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the City hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause the PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and Clerk-Treasurer shall furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA.

18. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

19. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

Motion carried unanimously.

Motion by Weseloh, seconded by Carlson to authorize the Mayor and City Clerk to sign the MN PFA Bond Purchase and Project Loan Agreement as presented. Motion carried unanimously.

Motion by Hungerford, seconded by Carlson to use the State Job Match system for Pay Equity reporting. Motion carried unanimously.

Motion by Hungerford, seconded by Carlson to seek RFP for city auditing services. Motion carried unanimously.

Motion by Hallquist, seconded by Carlson to adjourn the meeting at 9:37 p.m. Motion carried unanimously.

ATTEST:

Ron Hungerford
Mayor

Terri Boese
Clerk/Treasurer