

## COUNCIL MEETING

**DATE:** April 14, 2015

**TIME STARTED:** 7:00 p.m.

**TIME ENDED:** 8:35 p.m.

**MEMBERS PRESENT:** Mayor Lois Gilles, Jenny Hazelton, Josh Bunkers, Ross Nachreiner, Cindy Fahey

**MEMBERS ABSENT:** None

Staff members present: Clerk Treasurer Administrator Marcia Seibert-Volz, Eric Nelson, Supt. St. & Utilities, City Attorney Aaron Walton.

Meeting was called to order by Mayor Lois Gilles...

**APPROVAL OF THE AGENDA:** Motion by Ross Nachreiner, second by Cindy Fahey to approve the agenda with the addition of 8.1 Squirrels liquor license renewal. Motion carried unanimously.

**UNFINISHED BUSINESS:** Rural Service District. Rodney Hoffbeck requested the city council approve the establishment of a Rural Service District to reduce taxes on unplatted Rural property within the City limits of Fairfax. Based on current values and tax rates for 2014 payable in 2015 the following examples of tax shift were presented. Home value 50K would increase tax \$ 17.14, Home value 100K would increase taxes \$41.01, 200k value would increase taxes \$ 90.53. Commercial Property valued at 150K would increase \$ 128.48, 200K commercial property the taxes would increase \$ 200.00. Following discussion, action was tabled until the May council meeting.

**PUBLIC HEARING:** The Mayor opened the Public Hearing in regard to the 2015 Street Improvement Project. Duane Hansel presented the proposed improvements, cost estimates, and preliminary assessments. Questions on assessments were presented. 4 Square does not want to install a fence and wants only one water service installed, question on sidewalk assessment for Agnes Mathiowetz property. Sidewalk was installed in 2002 and she does not want to pay for a new sidewalk, and determination of side lot assessments versus frontage assessment on corner lots in reference to Fairfax Agri Systems and Jesse & Karla Diehn. Motion by Jenny Hazelton, second by Josh Bunkers to close hearing. Motion carried.

Mayor opened the RS Fiber Tax Abatement Hearing. Questions on the debt referencing parcels specified in the public hearing notice were addressed. Administrator Seibert-Volz explained the law requires enough parcels to cover the debt be listed in the notice. However, the debt is distributed across all parcels within the city limits. Jacob Rieke, RS Fiber Cooperative Board, stated if there is a shortfall in a year the Cooperative will still be liable for the payment at some point returning the payment to the City. There being no further questions, motion was made by Ross Nachreiner, second by Cindy Fahey to close the hearing. Motion carried.

**BID & QUOTES:** The following bids were received for Arc Flash Assessment Study and Distribution System:

DGR Engineering	\$ 13,900.00
Utilities Plus	\$ 14,128.00 less rebate of \$ 1,040.00.

Eric recommended Utilities Plus. Motion by Jenny Hazelton, second by Cindy Fahey to award the contract to Utilities Plus. Motion carried.

Fencing for city shed	
4 Square Lumber	\$10,435.00 (not installed)
Century Fence	\$10,579.00 (installed)

Motion by Ross Nachreiner, second by Josh Bunkers to award contract to Century Fence. Motion carried.

Seamless aluminum gutters for city hall.	
Northland Lumber & Supply	\$ 1,695.50.

Motion by Jenny Hazelton, second by Ross Nachreiner to award contract to Northland Lumber and Supply. Motion carried.

**PRESENTATIONS:** Jon Mitchel from Redwood County Environmental Office presented upcoming changes to recycling & MSW contracts in Redwood and Renville County. A Solid waste facility is being built and will be completed in fall of 2015. This facility will process recyclables and be a transfer station for MSW once the County landfill closes in 2017.

**CONSENT AGENDA:** Motion by Jenny Hazelton, second by Josh Bunkers to approve consent agenda. Motion carried.

- Approval of the minutes from the regular meeting dated March 10 & 16th, 2015
- Appointment of Denise Palmer to Library Board
- Liability Coverage Waiver Form-Does not waive monetary limits
- Cardinals Beer license
- Accept March Financial Reports
- Appointment of Fairfax Agency as city agent Res.#2015-11
- Claims for payment:

4-Square Builders	REPAIRS - CITY HALL	388.44
A&B Business Equipment	COPIER & MAINT CONTRACT	6,618.91
Advanced Clinical Technolo	PREVENTIVE MAINT - ZOLL	176.34
Ameripride Linen Services	LAUNDRY	280.83
Arneson Distributing Inc	BEER & POP	765.55
Avenet	GOV OFFICE ANNUAL SERVICE PKG	450.00
BNG Technologies LLC	SOFTWARE SUPPORT - BAR	200.00
Bernicks Pepsi Cola	POP	1,124.88
Bernie Wenner	BUILDING INSPECTOR	1,050.80
Bolton & Menk	2015 STREET PROJECT Engineering	13,191.50
Border States	ELECTRIC SUPPLIES	1,163.09
Bound Tree Medical, LLC	AMBULANCE SUPPLIES	324.00
Capital One, F.S.B.	LAPTOP & SOFTWARE - BAR	1,338.14
Casey's	GAS	563.04
Central Minnesota Municip	Power purchased	25,697.75
Century Link	repairs to phone system	337.50
CenturyLink	TELEPHONE	1,219.09
Chip Steak & Provision Com	SUPPLIES FOR RESALE	981.75
Cindy Fahey	MILEAGE - RS FIBER MTG	19.55
City of Fairfax	Utility bills-all dept.	11,044.25
Clobes Sanitation	GARBAGE CONTRACT & city gb	3,435.48
Dakota American Transforme	TRANSFORMER	1,700.00
Dakota Supply Group	WATER METER REPAIR	131.03
Dave's Full Service	GAS	658.15
Davis Typewriter Co Inc	OFFICE SUPPLIES	226.67
Derk's Windows	WINDOW WASHING	20.00
Doug's Lawn & Landscaping	BASEBALL FIELD ANNUAL MAINTENANCE	2,716.24
Early Bird Bakery	SUPPLIES FOR RESALE	209.83
Eide Bailly LLP	2014 AUDIT FEE	7,200.00
Eric Lindgerg	BAND EXPENSE	800.00
Fairfax Body Shop	POLICE CAR REPAIR	475.05
Fairfax Medical Clinic	DRUG SCREEN & FD EXAMS	561.00
Fairfax Postmaster	POSTAGE - UTILITY BILLS	358.78
Farm Merchantile Inc.	SUPPLIES - BAR	1,248.88
Finance and Commerce	PUBLISHING	118.33
Frandsen Bank & Trust	BANK DEPOSIT SLIPS	86.93
Frontier Bar	SUPPLIES	165.50
G&K Services	UNIFORM CONTRACT	659.20
Gopher State One Call	LOCATES	16.05
Harland	DATA CARTRIDGES & SOFTWARE ANNAUL MAINT.	2,440.99
Harry's Frozen Food	SUPPLIES FOR RESALE	90.00
Heggies Pizza	SUPPLIES FOR RESALE	378.50
Hermel Wholesale	SUPPLIES FOR RESALE	1,332.70
Hjerpe Contracting Inc	REPAIR WATER MAIN	2,496.50
Jahnke Water Inc.	WATER - LIBRARY	5.85
Johnson Bros. Wholesale	LIQUOR	848.81
K & M Wellington Farms, In	SNOW REMOVAL	1,500.00
KEEPRS Inc/Cy's Uniforms	POLICE UNIFORMS	74.27
KNUJ AM	ADVERTISING - BAR	51.00
Karian Peterson Power Linc	TRANSMISSION POLE CHANGE OUT	16,153.00
Katie Grams	REIMB AMBULANCE TRAINING	415.67
Kendell Doors and Hardware	POOL DOOR CYLINDER	88.00
L.M.C.I.T.	CLERK TRAINING	40.00
Lindsay Grunst	DJ - BAR	350.00
Locher Bros. Inc.	BEER	4,972.15
MES - MIDAM	SCBA SERVICE - FC	6,908.65

MN Bureau of Criminal Appr	TRAINING - PD	75.00
MN Department of Revenue	FEB SALES TAX	19,100.00
MN Municipal Utilities As	2015 GENERATION TRAINING & SAFETY QRTL	6,072.50
MN Pollution Control	ANNUAL AIR EMISSION FEE	380.00
MN Valley Testing Lab.	WATER SAMPLE TESTING	84.75
Marcia Seibert-Volz	MILEAGE EXP	198.66
Matheson Tri-Gas Inc	SHOP SUPPLIES	212.15
Maynard's of Fairfax	CLEANING SUPPLIES	280.62
Mediacom	CABLE & INTERNET - BAR	561.97
Mercury Payment Solutions	LIQUOR CREDIT CARD FEES-MAR	349.04
Mikes Auto Parts	JETTER TRUCK REPAIR	623.30
Minnesota Dept. of Health	Application fee 2015 Project	150.00
New Ulm Public Utilities	NATURAL GAS PURCH. & TRANSP. REPAIRS	98,960.58
North Ambulance	INTERCEPTS	450.00
North Memorial EMS Educati	EMT TRAINING	800.00
NorthAmerican Bancard	LIQUOR CREDIT CARD FEES	945.00
Northern Dewatering Inc	6" HYDRAULIC PUMP	9,031.56
Northern Lights Dist.	SUPPLIES FOR RESALE	2,901.14
Office Ally	AMBULANCE FEE	19.95
Paustis Wine Company	WINE	1,197.77
Pitney Bowes Inc.	POSTAGE	640.99
Premium Waters Inc	WATER - PD	64.40
RVS Shredding	SHREDDING SERVICE	30.00
Renville Co. Recorder	ABSTRACT CBRT GFW & CITY	70.00
Renville County	LANDFILL FEES	4,496.50
Revtrak Inc	REVTRAK FEES - MARCH	1,193.72
Ross Nachreiner	MILEAGE - COUNCIL TRAINING	128.80
South Central College	FIREFIGHTER TRAINING	1,250.00
Southern Wine & Spirits of	LIQUOR & WINE	1,219.91
Sprayer Depot	SWEEPER REPAIR	663.52
Standard-Gazette & Messeng	ADVERTISE FOR BIDS	399.73
T & R Electric	TRANSFORMER	7,950.00
TNT Construction/Kerkhoff	STREET MAINT	606.10
Tapper's Beer Line Servic	CLEAN BEER TAPS	52.00
Tow Distributing Corp.	BEER	3,956.76
UPS	SHIPPING FEES	71.71
USA Blue Book	FIRE RESISTANT COATS & BIBS	769.66
United Farmers Cooperative	HARNES	18.05
Verizon Wireless	TELEPHONE	350.62
Viking Coca-Cola Bo. Co.	POP	180.25
Vinocopia Inc	LIQUOR & WINE	275.00
WBM Wine & Spirits Inc.	LIQUOR & WINE	2,212.12
Weis Oil	GAS	469.53
Wesco Distribution Inc.	ELECTRIC SUPPLIES	195.77
Younger & Walton PLLC	ATTORNEY FEES	2,230.00
Payroll Expense		70,197.55

**MISS BECKY'S (dba) SQUIRRELS LIQUOR LICENSE:** Motion by Josh Bunkers, second by Ross Nachreiner to approve Miss Beckys Liquor and Sunday liquor license. Motion carried.

**2015 STREET PROJECT:** Motion by Ross Nachreiner, second by Cindy Fahey to award the 2015 Street Contract to M.R. Paving and adopt Resolution 2015-12. Motion carried.

#### **RESOLUTION 2015-12**

#### **RESOLUTION ACCEPTING BID FOR THE 2015 STREET IMPROVEMENT PROJECT**

**WHEREAS**, pursuant to an advertisement for bids for the 2015 street/utility project, bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement:

M.R. Paving and Excavating, Inc.	\$546,633.40
R & G Construction	579,455.29
Land Pride Construction	598,872.40
Hjerpe Contracting	687,706.40
Kuechle Underground, Inc.	816,175.89

**AND WHEREAS**, it appears that M.R. Paving and Excavating. of New Ulm is the lowest responsible bidder in the amount of \$ 546,633.40.

**NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF FAIRFAX MINNESOTA:**

1. The Mayor and clerk are hereby authorized and directed to enter into the attached contract with M.R. Paving of New Ulm in the name of the City of Fairfax for the 2015 street project according to the plan and specifications therefore approved by the city council and on file in the office of the City Clerk- Treasurer Administrator..
2. The City clerk-Treasurer Administrator is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed.

**RS FIBER RESOLUTION 2015-08** approving property tax abatement phase 1. Motion by Jenny Hazelton, second by Josh Bunkers to adopt Resolution 2015-08. Motion carried.

**CITY OF FAIRFAX, MINNESOTA**

**RESOLUTION NO. 2015-08**

**RESOLUTION APPROVING  
PROPERTY TAX ABATEMENT RELATED TO PHASE I OF FIBER OPTIC BROADBAND  
COMMUNICATIONS PROJECT**

BE IT RESOLVED by the City Council (the "Council") of the City of Fairfax, Minnesota (the "City") as follows:

Section 1. Recitals.

1.01. The Renville-Sibley County Fiber Joint Powers Agency (the "Agency") is a joint powers entity established under Minnesota Statutes, Section 471.59 (the "Joint Powers Act") to organize develop, construct and operate a broadband communications system (the "System") for its member cities and towns (the "Members"). The Renville-Sibley County Fiber Joint Powers Board (the "Board") is the governing body of the Agency, and each Member has appointed a member of its governing body to serve on the Board. The City is a Member of the Agency with membership on the Board.

1.02. Pursuant to the Further Amended and Restated Joint Powers Agreement for the Agency adopted by the Members of the Agency (the "Joint Powers Agreement"), the Agency may issue bonds under any law by which any of the governmental units establishing the Board may independently issue bonds, and may use the proceeds of the bonds to carry out the purposes of the law under which the bonds are issued, provided that issuance of such bonds must be approved by all Members.

1.03. Under Minnesota Statutes, Sections 469.1813 to 469.1815, as amended (the "Abatement Act"), each Member is authorized to grant a property tax abatement on specified parcels in order to accomplish certain public purposes, including situations where the abatement will increase or preserve tax base, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, help provide access to services for City residents, or finance or provide public infrastructure.

1.04. Each Member is also authorized under the Abatement Act to issue bonds to pay for public improvements that benefit the property that is the source of the abatement.

1.05. The Board has determined that it is in the public interest and will serve the public purposes delineated hereinafter for the Agency to issue its Taxable Revenue Bonds (Fiber Optic Broadband Communications Project) (the "Bonds") in order to finance the acquisition and construction of the System. The Bonds will be secured by Net Revenues of the System, together with funds in a Debt Service Reserve Account (as such terms are defined in the loan agreement (the "Loan Agreement") and indenture (the "Indenture") under which the Bonds are issued).

1.06. The City has identified certain parcels located within the area to be served by the System, from which the City proposes to collect a portion of the City's share of taxes and pledge those revenues to replenish the City's proportionate share of moneys in the Debt Service Reserve Account (each a "Shortfall Payment"), if Net Revenues are insufficient to pay principal and interest on the Bonds when due from time to time and moneys from the Debt Service Reserve Account are drawn down for such purpose, pursuant to the terms of a Shortfall Agreement (the "Shortfall Agreement") described in the Joint Powers Agreement.

1.07. The parcels for which abatements will be granted are described in Exhibit A attached hereto, and are hereafter referred to as the "Abatement Parcels." The City's share of taxes collected from those parcels are hereafter referred to as the "Abatement" or "Abatements," as further defined in Section 3.02 hereof.

1.08. The City is authorized to approve the Abatement for a maximum term of twenty years, the conditions set forth in Section 469.1813, subdivision 6 of the Abatement Act having been satisfied as of the date of this Resolution.

1.09. On March 16, 2015, the Council conducted a duly noticed public hearing regarding the Abatement described in this resolution at which the views of all interested persons were heard.

## Section 2. Findings.

2.01. Benefits Equal Costs. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement for the following reasons:

(a) The Abatement will help finance the System which implements a key development goal for the Members of the Agency, including the City.

(b) The System will provide economic stimulus needed to attract new business to the region and to retain existing businesses; such development and business retention will generate significant City tax revenues (after termination of the Abatement) that, over the long term, will exceed the amount of the Abatement itself.

(c) The System will help preserve and increase the value of the Abatement Parcels, thereby helping to generate additional City tax revenues over the long term after expiration of the Abatement.

2.02. Public Purposes. It is further found and determined that the Abatement will serve the following public purposes set forth in Section 469.1813, subdivision 1 of the Abatement Act, for the following reasons:

(a) Increase or preserve tax base, by stimulating development and helping to maintain values in the City and region, for the reasons described in Section 2.01.

(b) Allow the Members to provide public services to their residents more efficiently through direct connection to governmental buildings.

(c) Provide access to services for residents of the City, because the System will offer residents a service (broadband telecommunications, cable and internet) not currently available in the City.

(d) Finance or provide public infrastructure, because broadband communications are an important part of the infrastructure required for vibrant, economically competitive communities.

2.03. Other Public Benefits. It is further specifically found and determined that, in addition to the benefits described in Sections 2.01 and 2.02, the Abatement is expected to result in the following public benefits:

(a) Construction of the System will implement a long-standing vision of high-speed, state-of-the-art fiber optic telecommunications for the region.

(b) The Abatement will help to develop programming for school districts in the City and region by utilizing US Ignite support for the System.

(c) The System will contribute to the quality of life in the City and region by increasing the ease of access to information available to City residents.

2.04. Abatement Parcels Benefited. The City finds and determines that the System will benefit the Abatement Parcels for the following reasons:

(a) The Abatement Parcels are all within the System area and will be incorporated within the System.

(d) The System will generally help maintain and increase property values within the City, including the Abatement Parcels, as described in Section 2.01.

(e) The facts and reasons stated in Section 2.03(a), (b) and (c) also support the conclusion that the Abatement Parcels enjoy a significant benefit from construction of the System.

2.05. Maximum Abatement Amount. The maximum principal amount of Shortfall Payments to be secured by Abatements under this resolution (\$ \_\_\_\_\_) does not exceed the estimated sum of Abatement from the Abatement Parcels for the term authorized under this resolution. The projections of Abatement are based on reasonable assumptions regarding Net Revenues of the System and the City's proportionate share of anticipated Shortfalls over the life of the Bonds, all as further described in reports and memos on file in City Hall prepared by City staff and the City's financial consultant.

Section 3. Actions Ratified; Abatement Approved.

3.01. Ratification. The Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this resolution in accordance with the Abatement Act.

3.02. Terms of Abatement. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

- (a) The term "Abatement" means a portion of the City's share of the real property taxes generated from the Abatement Parcels, in the amounts described in this Section:
  - (i) The annual Abatement collected by the City in any calendar year will not exceed the lesser of (1) the City's proportionate share of any total Shortfall Payment required, or (2) the amount produced by extending the City's total tax rate for the applicable year against the tax capacity of the Abatement Parcels, including land, as of January 2 in the prior year.
  - (ii) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the City under the Abatement Act and paid in that year exceed the greater of 10% of the City's levy for that year or \$200,000 (the "Abatement Cap"). The City may grant any other abatements permitted under the Abatement Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatements under this Agreement.
- (b) Abatements will be collected from the Abatement Parcels commencing with taxes payable in 20\_\_ and continuing through taxes payable in 20\_\_.
- (c) The Agency will issue the Bonds at the time and in the manner it deems appropriate, and in accordance with the Joint Powers Agreement and this Resolution, the City will contribute Abatements to fund its share of Shortfall Payments from time to time.
- (d) The City will pledge the Abatements to Shortfall Payments under the Shortfall Agreement. The pledge of Abatements will be further reflected in the Indenture for the Bonds (and any refunding bonds).

- (e) In accordance with Section 469.1814, subd. 4 of the Abatement Act, the amount of Abatement is not subject to periodic review by the City; provided that the actual maximum amounts of Abatement in each year and in total will be determined only upon issuance of the Bonds and any refunding bonds, which final determination will not constitute a modification of the Abatement amount.
- (f) In accordance with Section 469.1815 of the Abatement Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

Section 3.03. Further Proceedings. City staff and consultants are authorized and directed to take all actions necessary to implement the Abatement approved under this Resolution, including without limitation the execution of documents and certificates necessary to carry out the Abatement.

**RS Fiber Resoltuion 2015-10** Authorizing the sale of taxable GO Abatement Note.. Motion by Jenny Hazelton, second by Ross Nachreiner to adopt Res. # 2015-10. Motion carried.

#### **RESOLUTION NO. 2015-10**

**A RESOLUTION AUTHORIZING THE SALE OF A TAXABLE  
GENERAL OBLIGATION ABATEMENT NOTE, SERIES 2015 (RS  
FIBER PROJECT), SUBJECT TO CERTAIN PARAMETERS; FIXING  
THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR  
EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR  
PAYMENT**

BE IT RESOLVED By the City Council of the City of Fairfax, Renville County, Minnesota (the "City"), as follows:

Section 1. Sale of Note.

1.01. Authority. It is hereby determined that:

(a) The Renville-Sibley County Fiber Joint Powers Agency (the "Agency") is a joint powers entity established under Minnesota Statutes, Section 471.59 to jointly and cooperatively analyze and assess communications delivery and service issues affecting its member cities and towns (the "Members") and the region; develop plans for construction of a broadband telecommunications system (the "System") to be owned and operated by RS Fiber Cooperative (the "Cooperative") that provides telecommunication services, including internet access, cable television and telephone ("Broadband Services") for education and other government services, as well as to every institution, business, and residence that subscribes to receive Broadband Services in the service area delineated by the Agency or the Cooperative; and to assist the Cooperative in financing the acquisition and construction of the System to provide Broadband Services.

(b) The Renville-Sibley County Fiber Joint Powers Board (the "Board") is the governing body of the Agency, and each Member has appointed a member of its governing body to serve on the Board. The City is a Member of the Agency with membership on the Board.

(c) Pursuant to the Further Amended and Restated Joint Powers Agreement for the Agency adopted by the Members of the Agency (the "Joint Powers Agreement"), the Agency or any of its Members may issue bonds under any law by which any of the governmental units establishing the Board may independently issue bonds, and may use the proceeds of the bonds to carry out the purposes of the law under which the bonds are issued, provided that issuance of such bonds by each Member must be approved by the governing body of such Member.

(d) Under Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the "Abatement Act"), each Member is authorized to grant a property tax abatement on specified parcels in order to accomplish certain public purposes, including situations where the abatement will increase or preserve tax base, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, help provide access to services for City residents, or finance or provide public infrastructure.

(e) Pursuant to Resolution No. 2015-\_\_ (the "Abatement Resolution"), the City Council of the City approved a property tax abatement (the "Abatements") for certain property in the City in order to finance the City's proportionate share of the costs of the System, pursuant to the Abatement Act.

(f) Each Member is also authorized under the Abatement Act and Minnesota Statutes, Chapter 475 (together with the Abatement Act, the "Act") to issue bonds to (1) pay for public improvements that benefit the property, (2) to acquire and convey land or other property, (3) to reimburse the property owner for the cost of improvements made to the property, and (4) to pay the costs of issuance of the bonds.

(g) The City of Winthrop ("Winthrop"), a Member of the Agency, on behalf of the Agency and the Members thereof, has determined to issue its Taxable General Obligation Abatement Bonds, Series 2015 (the "Bonds") in order to fund a loan to the Cooperative to finance the acquisition and construction of the first phase of the System.

(h) It is necessary and expedient to the sound financial management of the affairs of the City, for the reasons stated in the Abatement Resolution, to issue to Winthrop its Taxable General Obligation Tax Abatement Note, Series 2015 (RS Fiber Project) (the "Note"), in the approximate aggregate principal amount of \$1,191,943.50 subject to certain parameters provided herein, to provide financing for the City's proportionate share of the costs of the System.

(i) The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Note, it being determined that the City has retained an independent financial advisor in connection with such sale. The actions of the City staff and the City's municipal advisor in negotiating the sale of the Note are ratified and confirmed in all aspects.

1.02. Pricing Committee. The City hereby establishes a pricing committee with respect to the Note comprising of the Mayor (or a City Council member designated by the Mayor) and the City Administrator-Clerk-Treasurer (the "Pricing Committee"). The Pricing Committee is authorized and directed, with the advice of the City's municipal advisor, David Drown Associates, Inc., to (i) approve the par amount of the Note in an amount not to exceed \$1,191,943.50, (ii) approve the payment schedule for the Note, (iii) approve the interest rates on the Note provided that the true interest cost shall not exceed 5.50%, (iv) approve any provisions for redemption of the Note prior to maturity and (v) approve the tax

levy for the repayment of the Note. The City hereby approves the issuance of the Note to Winthrop, at the price, maturity schedule, and interest rates to be determined by the Pricing Committee.

1.03. Pricing Committee Certificate. Upon the sale of the Bonds, the Pricing Committee shall complete and sign a certificate (the "Pricing Committee Certificate"), a form of which is on file with the City Administrator-Clerk-Treasurer. The City Administrator-Clerk-Treasurer is authorized and directed to attach the Pricing Committee Certificate, when complete, to this Resolution as EXHIBIT A and to file this resolution with the County Auditor of Renville County, Minnesota (the "County Auditor").

Section 2. Terms and Principal Amounts of the Note; Registration and Payment.

2.01. Terms and Principal Amounts of the Note. The City will forthwith issue and sell the Note pursuant to the Act, in the denomination of its par amount as established by the Pricing Committee and bearing interest as determined by the Pricing Committee, and maturing in the years, on the dates and at the rates and principal installments as determined by the Pricing Committee in accordance with Section 1.02. In accordance with Minn. Stat. §469.1814, the maximum principal amount of the Note shall not exceed the estimated sum of the Abatements authorized.

2.02. Registered Form. The Note will be issued as a single typewritten note, only in fully registered form, numbered No. R-1. The interest thereon and, upon surrender of the Note, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. The Note will be dated as of the date of delivery. The interest on the Note will be payable to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not that day is a business day.

2.03. Registration. The City appoints the City Administrator-Clerk-Treasurer as registrar (the "Registrar"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a register in which the Registrar provides for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

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

(c) Exchange of Note. When the Note is surrendered by the registered owner for exchange the Registrar will authenticate and deliver a new Note of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. When the Note is surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

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

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

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Notes, sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Note. If the Note becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Note of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of the Note destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Note was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate note or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. The Note so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Note has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Note prior to payment.

(i) Redemption. In the event the Note is called for redemption, notice thereof will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of the Note to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of the Note. The Note so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Execution, Authentication and Delivery. The Note will be prepared under the direction of the City Administrator-Clerk-Treasurer and executed on behalf of the City by the signatures of the Mayor and the City Administrator-Clerk-Treasurer, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Note ceases to be such officer before the delivery of a Note, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so prepared, executed and authenticated, the City Administrator-Clerk-Treasurer will deliver the same to Winthrop upon payment of the purchase price which will be equal to the principal amount of the Note as determined by the Pricing Committee.

Section 3. Form of Note.

3.01. Execution of Note. The Note will be printed or typewritten in substantially the form as attached hereto as EXHIBIT B.

3.02. Approving Legal Opinion. The City Administrator-Clerk-Treasurer is directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, which will be complete except as to dating thereof.

Section 4. Payment; Security; Pledges and Covenants.

4.01. Debt Service Fund.

(a) The Note is payable from the Taxable General Obligation Abatement Note, Series 2015 (RS Fiber Project) Debt Service Fund (the "Debt Service Fund") hereby created. The Debt Service Fund shall be administered by the Administrator-Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City.

(b) Proceeds of the Abatements and general taxes hereinafter levied (the "Taxes") are hereby pledged to the Debt Service Fund. There is appropriated to the Debt Service Fund (i) capitalized interest, if any; (ii) accrued interest paid upon closing and delivery of the Note, if any; and (iii) any and all other moneys which are properly available and appropriated by the City Council to the Debt Service Fund.

4.02. Pledge of Tax Levy. For the purpose of paying the principal of and interest on the Note, there is levied a direct annual irrevocable ad valorem tax upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Debt Service Fund above provided and will be in the years and amounts as established by the Pricing Committee in the Pricing Committee Certificate.

4.03. General Obligation Pledge. If a payment of principal of or interest on the Note becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the City Administrator-Clerk-Treasurer is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for those advances out of the proceeds of Taxes when collected.

4.04. Certification to County Auditor as to Debt Service Fund Amount. It is hereby determined that the estimated collections of the foregoing Abatements and Taxes will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Note. The tax levy herein provided is irrevocable until the Note has been paid in full, provided that at the time the City makes its annual tax levies the City Administrator-Clerk-Treasurer may certify to the County Auditor the amount available in the Debt Service Fund to pay or otherwise credited to the principal of and interest on the Note due during the ensuing year, and the County Auditor will thereupon reduce the levy collectible during such year by the amount so certified.

4.05. Certificate of County Auditor as to Registration. The City Administrator-Clerk-Treasurer is authorized and directed to file a certified copy of this resolution with the County Auditor and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript; Approval of Agreements.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to Winthrop and to the attorneys approving the Note, certified copies of proceedings and records of the City relating to the Note and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Note, and such instruments, including any heretofore furnished, may be deemed representations of the City as to the facts stated therein.

5.02. Official Statement. It is determined that no official statement or prospectus has been prepared or circulated by the City in connection with the sale of the Note. The Mayor and the City Administrator-Clerk-Treasurer are hereby authorized and directed to certify that they have examined the official statement prepared and circulated in connection with the issuance and sale of the Bonds (the "Official Statement") and that to the best of their knowledge and belief the statements of fact concerning the City contained therein are complete and accurate as of the date of the Official Statement.

5.03. Shortfall Agreement. The City agrees and understands that the proceeds of the Bonds will be contributed to the Agency and loaned to the Cooperative (the "Loan") pursuant to a loan agreement executed in connection with the issuance of the Bonds (the "Loan Agreement"). The Bonds will be secured by an assignment of the loan repayments from the Cooperative, funds in a Debt Service Reserve Fund (as defined a trust indenture (the "Indenture") under which the Bonds are issued), and certain tax abatements pledged by the Member cities. The City's obligation to provide the Abatements in the amount needed to pay the principal of and interest on the Bonds shall be set forth in a Shortfall Agreement, to be executed upon the issuance of the Bonds, by Winthrop, the trustee for the Bonds (the "Trustee"), the City, and the other Member cities and (the "Shortfall Agreement") and shall be evidenced and secured by the Note. The Mayor and City Administrator-Clerk-Treasurer are authorized and directed to execute the Shortfall Agreement in substantially the form submitted to the City, provided that execution by the appropriate officers is conclusive evidence of the approval of the Shortfall Agreement in accordance with the terms thereof.

5.04. Joint Powers Agreement. The Agency has determined a need to modify the Further Amended and Restated Joint Powers Agreement, dated as of January 23, 2014 and fully executed as of May 15, 2014 (the "Prior JPA"), in certain respects, and to that end has caused to be prepared a Further Amended and Restated Joint Powers Agreement (the "Joint Powers Agreement"), which will supersede and replace the Prior JPA in all respects.

5.05. City Compliance with Provisions of Continuing Disclosure Undertaking. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of a Continuing Disclosure Undertaking executed by each of the Member Cities and the disclosure agent for the Bonds, and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Undertaking"). Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Note; however, any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

5.06. Execution of Documents. The Shortfall Agreement, the Continuing Disclosure Undertaking and the Joint Powers Agreement as presented to the Board are hereby in all respects approved, in substantially the forms submitted, together with any related documents necessary in connection therewith or in connection with the Bonds or the Note (collectively, the "Related Documents") and the Mayor and City Administrator-Clerk-Treasurer are hereby authorized and directed to execute the Related Documents on behalf of the City and to carry out, on behalf of the City, the City's obligations thereunder. The approval

hereby given to the Related Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the City and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the City Council by any duly designated acting official, or by such other officer or officers of the City Council as, in the opinion of the City Attorney, may act in their behalf.

5.06. Other Certificates. The Mayor and the City Administrator-Clerk-Treasurer are hereby authorized and directed to furnish to Winthrop at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Note or the organization of the City or incumbency of its officers, at the closing the Mayor and the City Administrator-Clerk-Treasurer shall also execute and deliver to Winthrop a suitable certificate as to absence of material litigation, and the City Administrator-Clerk-Treasurer shall also execute and deliver a certificate as to payment for and delivery of the Note.

Section 6. Defeasance. When the Note and all interest thereon has been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Note will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Note will remain in full force and effect. The City may discharge the Note which is due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If the Note 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 date of such deposit.

**CLARKE MOSQUITO CONTRACT:** Motion by Cindy Fahey, second by Ross Nachreiner to approve contract with Clarke Mosquito Management in the amount of \$ 4,050.00 with a 3% discount if paid by April 30<sup>th</sup>. This includes six (6) treatments. Motion carried.

**WATER TOWER LEASE WITH RS FIBER COOPERATIVE:** Motion by Josh Bunkers, second by Jenny Hazelton to approve the Water Tower Lease Agreement with RS Fiber Cooperative. Motion carried.

**Staff Reports:**

**City Administrator**

GFW requested an amendment to the Exchange Agreement approved at the March meeting. The amendment removes the east 25' of Lot 22 transferred to City. Motion by Ross Nachreiner, second by Cindy Fahey to approve the amended land exchange agreement. Motion carried.

Administrator was directed to advertise skating rink building for sale and removal.

Stacy Lewis submitted a written resignation for the Fire Department. Motion by Cindy Fahey, second by Jenny Hazelton to accept resignation of Stacy Lewis. Motion carried.

Fairfax Ambulance Service recommends Alexa Borth to be hired as an employee of service. Motion by Jenny Hazelton, second by Ross Nachreiner to approve Alexa Borth for employment with the Fairfax Ambulance Service. Motion carried.

Clean-up Day is tentatively scheduled for May 8 & 9<sup>th</sup>, 2015 pending approval from the City Council. General consensus of the council approved sponsoring the clean-up day.

Building permits for March:

Prairie Lutheran Schoool	re-roof	\$ 98,000.00
Roman Huiras	windows	1,800.00
Kris Guggisberg	deck	640.00

**Supt. of Sts. & Utilities:**

Eric requested the council consider replacing media in the other filter at the Treatment plant. The media is at the end of its expected life and maintenance issues are starting to occur. Action was tabled.

**Liquor Store Manager:** Kaitlyn Frederickson, Manager, requested the council hire Liliana Cole as part time bartender starting at \$ 10.00 per hour. Motion by Cindy Fahey, second by Josh Bunkers to approve hiring Liliana Cole. Motion carried.

**Police Chief:** Scott Froelich, Police Chief, reported cameras will be installed in park shelters this month and the squad camera in 2015 budget will be purchased this month. .

**Correspondence:** none

**Committee Report:**

Committee Reports reviewed: EDA minutes 3-5-15

**Council concerns:** Bike trail damage was questioned. The truck driver has contacted the city. Eric is getting estimates for the truck driver to submit to his Company's insurance.

**Adjournment:** Motion by Jenny Hazelton, second by Josh Bunkers to adjourn. Motion carried. Meeting adjourned at 8:35 p.m.

Mayor Lois Grues 

ATTEST:   
Marcia Seibert-Volz, City Administrator