

September 13, 2016

The regular meeting of the City Council of the City of Sleepy Eye was held in the Council Chamber, 200 Main Street East, Sleepy Eye, MN at 7 pm on the 13th day of September, 2016 per due call and notice. Mayor James Broich and Councilors Zinniel, Schmidt, Stevermer and Hirschboeck were present. Also present were City Manager Kober, PUC Director Bob Elston, City Engineer Palm, City Clerk Tiedeken, Police Chief Andres and City Attorney Fischer. Absent: Councilor Schieffert

Councilor Stevermer moved to approve the minutes of the August 16, 2016 regular meeting and August 18 and 30, 2016 special meetings. Hirschboeck seconded the motion and the motion carried.

Councilor Schmidt moved to approve setting the Truth in Taxation meeting for December 13, 2016. Councilor Stevermer seconded the motion and the motion carried.

Mark Kober presented the preliminary budget. The General Fund and contingencies are up and the transfers are down. There is an increase for the Fire Dept because we did not receive the FEMA Grant for turnout gear. Manager Kober explained that the LGA would have increase by \$50,000.00 if the Governor would have signed the tax bill which would have almost covered the budget increase and if a special session would have been called there would have been an additional \$45,000.00 from the transportation bill. The total budget is \$4,159,435.00 for 2017, with the levy amount of \$1,203,885.00 showing an increase of 4.49%. The levy cannot be raised but it could be lowered. If the Governor calls a special session in December and signs the tax bill there would be a net zero budget increase. LGA is 60% of the City budget. Approval needs to be sent to the County Auditor by Sept. 15, 2016. After discussion was held, Councilor Zinniel made a motion to approve the preliminary budget and levy certification for 2017. Councilor Schmid seconded the motion and the motion carried.

Tabled the second reading of the ordinance for Tyler Janni's Development until the plat is completed and presented to the council.

Reviewed the terms of the contact with Consolidated Construction Co. Inc., as construction manager for the Event Center Project. The terms of the contact would be a flat fee for the pre-construction stage and 4.9% of the cost of the work for the construction stage. Also wording to terminate after 14 day notice with or without cause was added. Discussion on what is to be included in the cost of work for the construction stage followed. Councilor Schmid moved to approve the contract which includes the per-const phase and the construction phase as presented. Councilor Stevermer seconded the motion and the motion carried.

Council Schmid moved to approve the transfer of the Midwest Holding and Counseling (Orchid Inn) liquor license to the City of Sleepy Eye. Councilor Stevermer seconded the motion and the motion carried.

George Eilertson, Northland Securities presented bond refinancing of the 2012 Hospital Revenue Refunding bonds and the 2012 G.O. Improvement bonds. This would be an advance refunding bond which Minnesota Statutes allows to lock in a future savings, if a 3% savings is achieved at present value. A 5.3% savings for the Hospital Bonds and 3.8% savings for the

2012 G.O. Improvement Project Bonds would create a combine savings of approximately \$299,000.00 for the 2012 Hospital Revenue Refunding bonds and \$60,000.00 for the 2012 G.O. Improvement bonds. Councilor Stevermer introduced the following resolution and moved its adoption if there is a \$350,000.00 total savings.

RESOLUTION 11-2016
APPROVING THE ISSUANCE OF
GENERAL OBLIGATION CROSSOVER REFUNDING BONDS, SERIES 2016A

BE IT RESOLVED by the City Council of the City of Sleepy Eye, State of Minnesota (herein, the “City”), as follows:

The City Council hereby finds and declares that it is necessary and expedient for the City to sell and issue its fully registered general obligation crossover refunding bonds in the total aggregate principal amount not to exceed \$5,250,000 (herein, the “Bonds”). The proceeds of the Bonds will be used, together with any additional funds of the City which might be required for:

- a crossover refunding of all or a portion of the January 15, 2021 through 2037 maturities, aggregating up to \$3,150,000 in principal amount, of the City’s General Obligation Hospital Revenue Refunding Bonds, Series 2012A, dated April 1, 2012 as date of original issue;
- (ii) a crossover refunding of all or a portion of the December 1, 2019 through 2027 maturities, aggregating up to \$1,720,000 in principal amount, of the City’s General Obligation Improvement Bonds, Series 2012B, dated July 1, 2012 as date of original issue; and
- (iii) to pay the costs associated with issuing the Bonds.

The City Council desires to proceed with the sale of the Bonds by direct negotiation with Northland Securities, Inc. (“NSI”). NSI will purchase the Bonds in an arm’s-length commercial transaction with the City.

The Mayor and the Administrator are hereby authorized to approve the sale of the Bonds in an aggregate principal amount not to exceed \$5,250,000 and to execute a bond purchase agreement for the purchase of the Bonds with NSI, provided the total net savings is at least \$350,000 and the savings meet the 3% savings test as set forth in Minnesota Statutes 475.67, subdivision 12.

4. Upon approval of the sale of the Bonds by the Mayor and the Administrator, the City Council will take action at its next regularly scheduled or special meeting thereafter to adopt the necessary approving resolutions as prepared by the City's bond counsel.
5. NSI is authorized to prepare an Official Statement related to the sale of the Bonds.
6. If the Mayor and Administrator have not approved the sale of the bonds to NSI and executed the related bond purchase agreement by January 31, 2017, this resolution shall expire.

Councilor Hirschboeck seconded the motion and the motion carried.

Engineer Dave Palm reported on the following items:

A: Northside Water and Sewer Project. Work is scheduled to start end of September or first part of October. MR Paving and Contracting is waiting for the directional drilling contractor.

Request for a catch basin on 6th Avenue SE north of Maple Street SE to drain water from the east side of the street and a request for a catch basin on 4th Avenue SE, 10 feet north of Larry Krenz's driveway to get the water into the storm sewer because the existing catch basin fills with trash. Received a quote from M. R. Paving for \$29,686.00 which would include the catch basins, piping, curb and gutter repair and bituminous surface repair. Councilor Zinniel moved to approve the project. Councilor Schmidt seconded the motion and the motion carried.

B: Lake Trail Phase 2. Elston and Palm have walked the project and accepted the condition of the grass and will notified Brown County Engineer Wayne Stephens to file the final forms for the project.

C: TH 14 Hwy Utility Improvement Project. Some repairs to be done yet. Reviewed Change Order #1 for 10 or 11 changes which include mostly repairs that were not anticipated amounting to \$30,000.00. Councilor Zinniel moved to approve the change order as presented. Councilor Stevermer seconded the motion and the motion carried. Update on the Event Center storm sewer outlet and currently working with Elston on mercury and phosphorus management plans updates for MN PCA.

Manager Kober gave an update on the railroad no whistle zone. This is very difficult to do with the many rules and regulations and there is no funding available.

Councilor Stevermer moved not to object to the Knights of Columbus exempt gambling application for January 9, 2017 to the MN Gambling Control Board. Councilor Zinniel seconded the motion and the motion carried.

Councilor Schmidt moved to approve the Cash Fund Balance at 8/31/15 and to file the August Police Report. Councilor Zinniel seconded the motion and the motion carried.

Councilor Schmidt moved to approve and allow the payment of the monthly bills in the amount of \$674,326.89 as presented. Councilor Hirschbroeck seconded the motion and the motion carried.

The meeting was properly adjourned at 8:41 p.m.

James J. Broich, Mayor

Attest: _____
Linda Tiedeken, City Clerk