

November 12, 2019

The regular meeting of the City Council of the City of Sleepy Eye was held in the Council Chambers, 200 Main Street East, Sleepy Eye, MN at 7 p.m. on the 12th day of November, 2019 per due call and notice. Mayor Wayne Pelzel and Councilors Gary Windschitl, Nathan Stevermer, Douglas Pelzel and Joann Schmidt. Councilor Larry Braun was absent. Also present were City Manager Bob Elston, City Attorney Alissa Fischer, City Engineer Jordan Albrecht, Police Chief Matt Andres, EDA Director Kurk Kramer and City Clerk Michelle Strate.

Councilor Pelzel moved to approve the minutes of the October 8, 2019 regular meeting; October 17, 2019 special meeting and October 21, 2019 special meeting. Councilor Schmidt seconded the motion and the motion carried.

Discussion was had to amend the zoning ordinance that requires a survey. City Attorney Fischer will return to December meeting with language to amend the ordinance with two exceptions: 1. Non-conforming property to follow the same set back; 2. Set back plus more. Councilor Stevermer called for First Reading.

Councilor Windschitl made a motion to set polling place for 2020 Elections at the Sleepy Eye Community Center.

RESOLUTION #7-2019

DESIGNATING ANNUAL POLLING PLACE

Be it resolved, that the City Council for the City of Sleepy Eye pursuant to Minnesota Statute Section 204B.16, hereby designated the following polling place for 2020 elections for the First Ward and Second Ward:

Sleepy Eye Community Center, 115 2nd Avenue NE, Sleepy Eye, MN 56085

I certify that the above resolution was adopted by the City Council of the City of Sleepy Eye on November 12, 2019.

/s/ Wayne Pelzel

Wayne A. Pelzel, Mayor

I hereby certify and attest that the City Council of the City of Sleepy Eye Minnesota, did pass the above Resolution on November 12, 2019 in accordance with the Charter Provisions and state laws provided therefore.

Dated: November 12, 2019.

/s/ Michelle Strate

Michelle Strate, City Clerk

Councilor Pelzel seconded the motion and the motion carried.

Councilor Pelzel made a motion to approve the Resolution Awarding the \$616,000 GO Bond.

RESOLUTION NO. 8-2019

RESOLUTION AWARDING THE SALE OF \$616,000 GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS,

**SERIES 2019A;
FIXING THEIR FORM AND SPECIFICATIONS;
DIRECTING THEIR EXECUTION AND DELIVERY;
AND PROVIDING FOR THEIR PAYMENT**

BE IT RESOLVED By the City Council (the "Council") of the City of Sleepy Eye, Minnesota (the "City") as follows:

Section 1. Background.

1.01. Statutory Authorization. The City is authorized by Minnesota Statutes, Chapter 475, as amended (the "Act") and Section 475.521 of the Act to finance certain capital improvements under an approved capital improvement plan by the issuance of general obligation bonds of the City payable from ad valorem taxes. Capital improvements include acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, library, public safety facility and public works facility (excluding light rail transit or any activity related to it, or a park, road, bridge, administrative building other than a city hall, or land for any of those facilities).

1.02. Capital Improvement Plan Authorizing Issuance of Bonds. On June 12, 2018, this Council held a public hearing (the "Public Hearing") regarding a five year capital improvement plan (the "Plan"), and the issuance of bonds in the maximum principal amount of \$750,000 to finance planned capital improvements, all in accordance with the Plan and the Act. The Plan authorizes the issuance of bonds to pay the cost of constructing, installing and equipping (i) the renovation of the City's former liquor store into a new police station, with offices, investigation rooms, bathrooms, evidence storage space and a garage addition for police vehicles, and (ii) the installation of security cameras and safety glass in the main City Hall corridor as well as the construction of safety exits in the City Council chambers (collectively, the "Project").

1.03. No Petition for a Referendum Received. This Council hereby determines that, within 30 days after the Public Hearing, no petition for a referendum on issuance of bonds pursuant to the Plan was received by the City in accordance with the Act.

1.04. Estimated Total Cost of Project Financed by Bonds. The City estimates that the total cost of the Project to be financed by the Bonds (hereinafter defined) is \$616,000, including costs of issuance of the Bonds.

1.05. Determinations of the City in Compliance with the Act. As required by the Act, this Council determines that:

- (i) the expected useful life of the Project will be at least five years;
- (ii) the amount of principal and interest due in any year on all outstanding bonds issued by the City under Section 475.521 of the Act, including the Bonds (hereinafter defined), will not exceed 0.16 percent of the taxable market value of property in the City for taxes payable in 2019; and
- (iii) the City is authorized by Section 475.60, Subdivision 2(9) of the Act to negotiate the sale of the bonds because the City has retained an independent municipal advisor, Northland Securities, Inc., in connection with the sale of the Bonds.

1.06. Issuance of the Bonds. It is necessary and expedient to the sound financial management of the affairs of the City to issue General Obligation Capital Improvement Plan Bonds, Series 2019A, in the total aggregate principal amount of \$616,000 (the "Bonds") pursuant to the Act to provide financing for the Project.

Section 2. Sale of Bonds.

2.01. Award to the Purchaser and Interest Rates. The proposal of Americana Community Bank, Sleepy Eye, Minnesota (the "Purchaser") to purchase the Bonds is found and determined to be a reasonable offer and is accepted, the proposal being to purchase the Bonds at a price of \$616,000, for Bonds bearing interest as follows:

Term Bonds due February 1, 2025 at 2.000%.

Term Bonds due February 1, 2030 at 2.500%.

2.02. Purchase Contract. The Mayor and the City Manager are directed to execute a contract with the Purchaser on behalf of the City.

2.03. Terms and Principal Amounts of Bonds. The City will forthwith issue and sell the Bonds to the Purchaser pursuant to the Act in the total principal amount of \$616,000. The Bonds will be originally dated as of December 5, 2019, in minimum denominations of \$1,000, numbered No. R-1 upward, bearing interest as above set forth and maturing on February 1 in the years and amounts as follows:

Term Bonds due February 1, 2025, in the aggregate principal amount of \$290,000.

Term Bonds due February 1, 2030, in the aggregate principal amount of \$326,000.

2.04. Optional Redemption. The City may elect to prepay the Bonds, in whole or in part, on any date at a price of par plus accrued interest.

2.05. Mandatory Redemption. The Bonds consist of two term bonds, which are subject to mandatory sinking fund redemption and shall be redeemed in part by lot at par plus accrued interest on the sinking fund installment dates and in the principal amounts as follows:

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
<u>February 1, 2025 Term Bonds</u>	
2021	\$54,000
2022	57,000
2023	58,000
2024	60,000
2025 (maturity)	61,000
 <u>February 1, 2030 Term Bonds</u>	
2026	\$62,000
2027	64,000
2028	65,000
2029	67,000
2030 (maturity)	68,000

Section 3. Registration and Payment.

3.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and the principal amount thereof is payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020, 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.

3.03. Registration. The City appoints the City Manager as the bond registrar, transfer agent, authenticating agent and paying agent for the Bonds (the "Registrar"). The City reserves the right at any time to appoint a third-party 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 office a bond register in which the Registrar provides for the registration of ownership of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond 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 Bond of a like 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 Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. The Bond surrendered upon transfer will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond 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 a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond 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 Bond 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 of a Bond, sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer.

(h) Mutilated, Lost, Stolen or Destroyed Bond. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for a Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond 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 Bond 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 Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond 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 Bonds. Bonds 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.

3.04. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Manager and executed on behalf of the City by the signatures of the Mayor and the City Manager, 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 Bonds ceases to be such officer before the delivery of a Bond, 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. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed and authenticated, the City Manager will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

3.05. Temporary Bond. The City may elect to deliver in lieu of a printed definitive Bond a typewritten temporary Bond in substantially the form set forth in Section 4 hereof. Upon the execution and delivery of the definitive Bond the temporary Bond will be exchanged therefor and cancelled.

Section 4. Form of Bond.

4.01. Form. Each Bond will be printed or typewritten in substantially the form as provided on the attached Exhibit A.

4.02. Approving Legal Opinion. The City Manager is directed to obtain a copy of the proposed approving legal opinion of Best & Flanagan LLP, Minneapolis, Minnesota, Bond Counsel to the City, which is to be complete except as to dating thereof and to cause the opinion to be printed on or accompany each Bond.

Section 5. Payment; Security; Pledges and Covenants.

5.01. Funds and Accounts. (a) Debt Service Fund. The Bonds are payable from the General Obligation Capital Improvement Plan Bonds, Series 2019A, Debt Service Fund (the "Debt Service Fund") hereby created, and the proceeds of the ad valorem taxes hereinafter levied (the "Taxes") are pledged to the Debt Service Fund. If a payment of principal or interest on the Bonds becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the City Manager will 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 the Taxes levied by this Resolution, when collected.

(b) Construction Fund. The proceeds of the Bonds, together with any other funds appropriated by the City for the Project, will be deposited in a separate construction fund (the "Construction Fund") to be used solely to defray expenses of the Project. Any balance remaining in the Construction Fund after completion of the Project may be used to pay the cost in whole or in part of any other capital improvement identified in the Plan and instituted under the Act. When the Project is completed and the cost thereof paid, the Construction Fund is to be closed and any balance therein may be used to pay the cost in whole or in part of any other capital improvement instituted under the Act.

5.02. Pledge of Taxes. For the purpose of paying the principal of and interest on the Bonds, there is levied a direct annual irrepealable ad valorem tax upon all of the taxable property in the City, to 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 are in the years and amounts as established on Exhibit B attached hereto.

5.03. Certification to County Auditor/Treasurer as to Debt Service Fund Amount. It is determined that the estimated collection of the foregoing Taxes will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levy herein provided will be irrepealable until the Bonds are paid, provided that at the time the City makes its annual tax levies the City Manager may certify to the Brown County Auditor/Treasurer the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor/Treasurer will thereupon reduce the levy collectible during such year by the amount so certified.

5.04. County Auditor/Treasurer's Certificate as to Registration. The City Manager is authorized and directed to file a certified copy of this Resolution with the Brown County Auditor/Treasurer and to obtain the certificate required by Section 475.63 of the Act.

Section 6. Authentication of Transcript.

6.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds 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 Bonds, and such instruments, including any heretofore furnished, may be deemed representations of the City as to the facts stated therein.

6.02. No 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 Bonds and that the Purchaser has made its own investigations concerning the City, as set forth in an investment letter of even date, receipt of which is acknowledged by the City.

6.03. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of certain issuance expenses directly to Northland Securities, Inc., municipal advisor to the City, on the closing date for the Bonds.

Section 7. Tax Covenants.

7.01. Tax-Exempt Bonds. The City covenants and agrees with the Purchaser that it will not take or permit to be taken by any of its officers, employees, or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds. To that end, the City will comply with all requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments and limitations on amount invested at a yield greater than the yield on the Bonds.

7.02. No Rebate. For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the City finds, determines, and declares that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities of the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

7.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

7.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

- (a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (b) the City designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2019 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 of obligations issued by the City during calendar year 2019 have been designated for purposes of Section 265(b)(3) of the Code.

7.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this Section.

Section 8. No Requirement of Continuing Disclosure. The Purchaser does not need to comply with the continuing disclosure requirements of Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, because the offering is in a principal amount less than \$1,000,000. Consequently, the City will not enter into any undertaking to provide continuing disclosure of any kind with respect to the Bonds.

Section 9. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution to the holders of the Bonds 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 Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

Passed and adopted by the City Council of the City of Sleepy Eye, Minnesota, this 12th day of November, 2019.

CITY OF SLEEPY EYE, MINNESOTA

/s/ Wayne Pelzel
Wayne Pelzel, Mayor

ATTEST:

/s/ Bob Elston
Bob Elston, City Manager

Councilor Schmidt seconded the motion and the motion carried.

Councilor Schmidt made a motion to approve the purchase of the 2016 JD Grader from RDO Equipment. Councilor Pelzel seconded the motion and the motion carried.

Councilor Windschitl made a motion to approve Resolution 9-2019 to allow Brown County to sell property located at 412 Maple St. SW at auction.

Resolution No. 9-2019

WHEREAS, the City of Sleepy Eye does not have a public use for Lot 9, Block 38 Original Plat, City of Sleepy Eye:

WHEREAS, the City of Sleepy Eye would like to have the said property placed on the tax rolls:

THEREFORE be it resolved by the City of Sleepy Eye City Council that Brown County be granted approval to auction said parcel.

Passed and approved this 12th day of November 2019.

/s/ Wayne Pelzel
Mayor

Attest: /s/Bob Elston
City Manager

Councilor Pelzel seconded the motion and motion carried.

City Attorney Alissa Fischer reported on the following:

- A. Councilor Pelzel called for Second Reading of the Ordinance #163 Shade Tree Disease Control. Councilor Schmidt seconded and motion carried.
- B. Railroad Easement is not ready.
- C. Councilor Schmidt called for the First Reading of the Home Cemetery Annexation. A legal description needs to be added.

City Engineer Jordan Albrecht reported on the following:

- A. 2020 Street & Utility Improvement Project. Continuing with the Design/Plans
- B. 12th Avenue NE & St. Mary's St. Project. Plans have been submitted to Brown County and State Aid.
- C. 2019 Airport project. Physical work is complete.

City Manager Elston reported on the following:

- A. Requested that the Truth-In-Taxation Meeting for December 10, 2019 be changed to begin at 7:00p.m.
- B. An estimate was received from Furniture Gallery for replacing carpet in City Hall. Councilor Pelzel made a motion to approve replacing the carpet up to \$11,767.76. Councilor Windschitl seconded the motion and motion carried.
- C. Rental Inspections. Working with a gentleman in New Ulm who currently works with the City of New Ulm for their inspections. Looking for January 1, 2020 start date.

Councilor Schmidt made a motion to approve the Police and Cash Fund Balances.

Councilor Windschitl seconded the motion and motion carried.

Councilor Pelzel made a motion to Pay the Bills. Councilor Windschitl seconded the motion and motion carried.

There was no other business and the meeting was properly adjourned at 7:44 p.m.

Wayne Pelzel, Mayor

Michelle Strate, City Clerk