

**MINUTES OF A REGULAR CITY COUNCIL MEETING HELD WEDNESDAY, MARCH 12, 2014
– 6:00 P.M. - ROCKVILLE CITY HALL**

The meeting was called to order by Mayor Jeff Hagen. Roll Call was taken and the following members were found to be present: Mayor Hagen, Council members Susan Palmer, Don Simon, Randy Volkmuth and Duane Willenbring arrived at 6:03 p.m.

Staff members present were: Administrator/Clerk Rena Weber, Public Works Director Roger Schotl and Financial Consultant David Drown.

Others present were: Tudie Hermanutz, Sgt. Jon Lentz, Rick & Dorothy Tallman, Mary Kay Kraemer, Chuck & Barb Hennen, Marie Skaja, Fran Platzer, Dave Zwilling, C. Chanthakammy, Diane Willenbring, Amanda & Nick Filla, Brenda Lodemeier, Vince Schaefer, Connie & Kevin Brannan, Adeline Boucher, Paul Wirth, Carol Dietman, Ed Schneider, Jared & Stacey Price, Paul Betz, Jan Neysen, Brian Smith, Sam Simon, Chris Knauss.

OPEN FORUM –

Rick Tallman – 25594 Lake Road wanted to address the issues that David Drown brought up. Can we borrow from the sewer fund to pay the water debt?

CONSENT AGENDA – Motion by Member Palmer, second by Member Volkmuth, to approve the consent agenda as presented:

- a) Approve minutes of 02/19/14, 2/25/14 & 2/28/14
- b) Approve Treasurer's Report of 03/12/14
- c) Approve List of Bills and Additions

Accounts Payable CK #015081 to 015133	\$38,704.71
Payroll CK #004650 to 004661	12,852.50
EFT #000801 to 000807	8,592.45

Member Willenbring questioned the Tom Maselter bill. No action.

AYES: Hagen, Palmer, Simon, Volkmuth & Willenbring.

Motion passed on a 5 to 0 vote.

BOARD/STAFF REPORT

PUBLIC WORKS - Public Works Director Roger Schotl asked about the policy in regards to freeze ups. In the past he was used to the policy that residents are responsible out to the main. He just needs direction. We are mandated by MNDNR to keep track of all water pumped, sold and what is not accounted for. Are we offering rebates? This too will have a financial impact on the city's appropriation permit fees which can triple if the DNR charges for the water we take out of the ground just to let water run. Roger will contact the Public Works Committee for direction. Stay with the same policy.

REQUEST FOR COUNCIL ACTION – Rena Weber presented this request as it was purchased prior to Roger's employment:

Please approve the following items for the water fund:

Fluoride	\$2,154.39	601-49440-219
Chlorine	707.79	601-49440-219
Repair parts for Well 4/5	1,262.08	601-49440-220

Chemicals/supplies has a budget of \$4000

Repairs has a budget of \$25,145

Motion by Member Volkmuth, second by Member Palmer, to approve the request for water fund repairs and supplies.

AYES: Hagen, Palmer, Simon, Volkmuth & Willenbring.

Motion passed on a 5 to 0 vote.

POLICE DEPARTMENT – Sgt. Jon Lentz reported on the written report showing 38.5 contract hours for the month of February that was in the packets.

OLD BUSINESS

KENN TAMM — Mr. Tamm did not follow through with the signing of the agreement nor did he provide the city with a check of any kind. He did however; call on 2/27/14 to ask me to just kind of forget about him for a while – he had a few other ideas such as placing the houses on Dan Hansen’s property by the fire hall and down along Highway 23. He asked if we had a moving permit – to which I said no. He would need an interim use permit or a permanent building permit. Mayor Hagen agreed with me to go ahead with the long form complaint.

Rena Weber reported that the city attorney has filed the long form complaint against Kenn Tamm with regard to ordinance violations. The long form complaint showed 8 counts of violation. Mr. Tamm had presented the city with a proposal this day that was completely re-written from the original city proposal. The plan also had a map attached showing potential spots for the two illegal structures. The area has not been officially platted where this relocation is proposed.

Motion by Member Volkmuth, second by Member Willenbring, to deny Kenn Tamm’s proposal, and further to indicate that the city wishes to recoup all fees associated with this situation.

AYES: Hagen, Palmer, Simon, Volkmuth & Willenbring.

Motion passed on a 5 to 0.

RICK TALLMAN – Mr. Tallman was present to request council answer to:

1. The \$16,948 mistake in the water rate study. Looking for a clear explanation as to how that happened.

Rena Weber presented the bond payment schedule, a copy of the actual bills paid citing that the money was actually moved to the repairs budget as the Finance Committee directed.

2. Show the payments made into the water fund from the city funds as were shown to me yesterday by you.

Rena Weber presented copies of the actual bills paid by the city for water/sewer at:

209 Broadway Street East

229 Broadway Street East

1000 Broadway Street West (ballpark)

Rena Weber also presented copies of the Revenue/Expenditure accounts showing the transfer of 10% of the water tower rent to the water fund \$6,097.10, \$15,141 from the unmetered accounts (city water usage based on the 3 year average minus 2%) and finally \$21,659.42 transfer in to the water revenue account.

3. Explanation to the citizens why the city has not paid into the water fund prior to 2013.

Rena Weber presented the 3 year breakdown that used the unmetered water from 2009, 2010, & 2011 for the 2013 budget.

4. Explanation why the city feels they can charge for sewer use even when a water meter shows less was used (see attachment showing one of my bills last year - meter reading shows only 72,000 gallons but sewer charges are for 83,000 gallons). This example shows the city charging for 9,000 gallons of sewer that was not used and the water meter proves it. The council said they would check with other cities on how they charge for sewer when an actual meter reading shows less was used.

Rena Weber presented information obtained from area cities as to how they charge for sewer:

City of Cold Spring

Sewer

- **Residential**

Whatever your usage for winter month (example 9000) that would be your maximum if you use less during the year you get charged that usage amount, if you use more you don't get charged that amount.

- **Commercial** you get charged whatever you use

3/12/2014

- **Apartments-** if you have one meter to the building you get charged whatever you use
If you have individual meters to each individual apartment you get charged the residential way

City of Richmond

Sewer - Richmond does the same way as Rockville

St Augusta

Sewer - They take December, January & February usage (Take average) they are charged that average from May –October and the other months they are charged what they use.

NEW BUSINESS

NICK FILLA – PARADE REQUEST – Nick and Amanda Filla would like to still have the Rock Fest parade and offered to take it over this year. They have been working with past committee members on the specifics. They request approval from the city for the road closure with the city still providing the insurance – 6/28/14 6 p.m. They further understand that County approval is needed for the road closure also. Road Closure 2:00 p.m. to 11:59 p.m.

Motion by Member Volkmuth, second by Member Willenbring, to approve the road closure as requested and further to provide the insurance for the parade as it is a community event.

AYES: Hagen, Palmer, Simon, Volkmuth & Willenbring.

Motion passed on a 5 to 0.

STONEY'S BEER GARDEN - Paul Betz was present to request approval to close County Road 82 from 8 p.m. to 11:59 p.m. for a beer garden right after the Rock Fest parade. The setup for the event will be the same as last year with the sale of 3.2 beer. A certificate of insurance will need to be provided. There will be no raffle

Motion by Member Volkmuth, second by Member Willenbring, to approve the road closure as requested and further to approve the beer garden as requested pending submission of certificate of insurance and county approval on the road closure.

AYES: Hagen, Palmer, Simon, Volkmuth & Willenbring.

Motion passed on a 5 to 0.

BOND REFUNDING – David Drown-Financial Consultant was present at the meeting to review bond refunding for:

- \$1,975,000 G.O. CIP Bonds, Series 2014A
Refunds the 2005A City Hall & Fire Hall lease)
- \$176,000 G.O. Improvement Refunding Bonds, Series 2014B
Refunding 2008A Bonds for CR 82 & SJ Louis
- \$539,000 G.O. Partial Refunding Water Revenue Bonds, Series 2014C
Pleasant Lake Water Tower

(Refer to Exhibit A attached and hereby made a part of the minutes)

Member Volkmuth introduced the following resolution and moved for its adoption:

RESOLUTION 2014- 05

PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF

\$1,975,000 GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2014A

A. WHEREAS, the City Council of the City of Rockville, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue the City's \$1,975,000 General Obligation Capital Improvement Plan Bonds, Series 2014A (the "Bonds") to provide for a full advance

refunding of the \$2,565,000 EDA Public Project Revenue Bonds, Series 2005A of the City and of the Economic Development Authority ("EDA") of the City;

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

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

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

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

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

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

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Palmer and, after full discussion thereof and upon a vote being taken thereon, the following Council members voted in favor thereof: All

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

TERMS OF OFFERING

City of Rockville, Minnesota

\$1,975,000

General Obligation Capital Improvement Plan Bonds, Series 2014A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Wednesday, 19 March, 2014 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 6:00 p.m., Central Time, on that same date.

SUBMISSION OF PROPOSALS

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

Notice is hereby given that electronic proposals will be received via PARITY[®], in the manner described below, until 11:00 a.m., local time on 19 March, 2014. Bids may be submitted electronically via PARITY[®] pursuant to this Notice until 11:00 a.m., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY[®] conflict with this Notice, the terms of this Notice shall control. For further information about PARITY[®], potential bidders may contact David Drown Associates, Inc. or PARITY[®] at (212) 806-8304.

Neither the City of Rockville nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

DETAILS OF THE BONDS

The Bonds will be dated May 1, 2014, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2015. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	\$ 115,000	2021	\$ 155,000
2016	110,000	2022	160,000
2017	145,000	2023	160,000
2018	145,000	2024	165,000
2019	150,000	2025	170,000
2020	155,000	2026	170,000
		2027	175,000

TERM BOND OPTION

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds; provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

BOOK ENTRY SYSTEM

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

REGISTRAR

The City will name Northland Trust Services, Inc., Minneapolis, MN, as registrar for the Bonds. Northland Trust shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2023 and on any day thereafter, to prepay Bonds due on or after February 1, 2024. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes.

TYPE OF PROPOSALS

Proposals shall be for not less than \$1,950,312.50 (98.75%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$39,500 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

AWARD

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

BOND INSURANCE AT PURCHASER'S OPTION

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

CUSIP NUMBERS

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

SETTLEMENT

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

FULL CONTINUING DISCLOSURE

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

OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 25 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated 12 March, 2014

BY ORDER OF THE CITY COUNCIL

/s/ Rena Weber
City Administrator

Member Volkmuth introduced the following resolution and moved for its adoption:

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL
CITY OF ROCKVILLE, MINNESOTA

HELD: March 12, 2014

Pursuant to due call, a regular or special meeting of the City Council of the City of Rockville, Stearns County, Minnesota, was duly held at the City Hall on March 12, 2014, at 6:00 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of \$176,000 **General Obligation Improvement Refunding Bonds, Series 2014B.**

The following members were present: Mayor Hagen, Council members: Sue Palmer, Donald Simon, Randy Volkmuth and Duane Willenbring

and the following were absent: None

Member Volkmuth introduced the following resolution and moved its adoption:

RESOLUTION 2014-06

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$176,000
GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES
2014B,
AND LEVYING A TAX FOR THE PAYMENT THEREOF**

A. **WHEREAS**, the City of Rockville, Minnesota (the "City"), hereby determines and declares that it is necessary and expedient to provide moneys for a current refunding on May 1, 2014 (the "Call Date") of the City's outstanding \$230,000 original

principal amount of General Obligation Improvement Bonds, Series 2008A, dated September 1, 2008 (the "Prior Bonds"), which mature or are subject to mandatory redemption on and after February 1, 2015, in the aggregate principal amount of \$170,000 (the "Refunded Bonds"), at a price of par plus accrued interest, as provided in the Resolution of the City Council, adopted on August 20, 2008 (the "Prior Resolution"); and

B. **WHEREAS**, the refunding of the Refunded Bonds on the Call Date is consistent with covenants made with the holders thereof; and

C. **WHEREAS**, the City hereby determines that it is necessary and expedient to issue \$176,000 General Obligation Improvement Refunding Bonds, Series 2014B (the "Bonds" or, individually, a "Bond"), pursuant to Minnesota Statutes, Chapter 475, to provide moneys for a current refunding of the Refunded Bonds; and

D. **WHEREAS**, the City has retained David Drown Associates, in Minneapolis, Minnesota, as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9); and

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

1. Acceptance of Offer. The offer of Pine Island Bank, Pine Island, Minnesota (the "Purchaser"), to purchase the Bonds at the rate of interest hereinafter set forth and to pay therefor the sum of par is hereby accepted.

2. Bond Terms; Original Issue Date; Denominations; Maturities; Interest and Redemption. The City shall forthwith issue the Bonds, which shall be in fully registered form without interest coupons, shall be dated, mature, bear interest, be subject to redemption and be payable as provided in the form of the Bond.

3. Purpose. The Bonds shall provide funds to finance the current refunding of the Refunded Bonds (the "Refunding"). It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, and as a result of the Refunding, the average life of the maturities is extended by at least three years.

4. Bond Registrar. The Administrator of the City of Rockville, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond.

5. Form of Bond. The Bond, together with the Bond Registrar's Certificate of Authentication, shall be in substantially the following form:

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Palmer and, after full discussion thereof and upon a vote being taken thereon, the following Council members voted in favor thereof: All and the following voted against the same: None Whereupon said resolution was declared duly passed and adopted.

UNITED STATES OF AMERICA
 STATE OF MINNESOTA
 STEARNS COUNTY
 CITY OF ROCKVILLE

R-1

\$176,000

GENERAL OBLIGATION IMPROVEMENT REFUNDING BOND, SERIES 2014B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.10%	February 1, 2023	May 1, 2014

REGISTERED OWNER: PINE ISLAND BANK

PRINCIPAL AMOUNT: ONE HUNDRED SEVENTY-SIX THOUSAND DOLLARS

The City of Rockville, Stearns County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or assigns duly certified on the Certificate of Registration attached to and made a part of this Bond (the "Owner"), in the manner hereinafter set forth, the \$176,000 principal amount of this Bond in the principal installments due on February 1 of the years and in the amounts, respectively, as follows, with each such principal installment bearing interest until paid at the interest rate of 2.10% per annum:

<u>Principal Installments Due February 1</u>	<u>Amount</u>
2015	\$19,000
2016	18,000
2017	19,000
2018	19,000
2019	19,000
2020	20,000
2021	20,000
2022	21,000
2023	21,000

Interest. Interest shall be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2015, and shall be calculated on the basis of a 360 day year consisting of twelve thirty day months. At the time of final payment of all principal and interest on this Bond, the Owner shall surrender this Bond to the Administrator of the City of Rockville, Minnesota (the "Registrar").

Redemption. This Bond is subject to redemption and prepayment at the option of the Issuer on any payment date without notice at a price of par plus accrued interest to the prepayment date, plus a \$200 processing fee; provided that if prepayment is prior to February 1, 2015, the redemption price shall also include a premium of 0.5% of the principal amount to be prepaid.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Bond shall not be a business day of the Issuer or of the Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Transfer. This Bond is transferable, as provided in the Resolution, upon the Register kept by the Registrar upon surrender of this Bond together with a written instrument of transfer duly executed by the Owner or the Owner's attorney duly authorized in writing, and thereupon a new, fully registered Bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor (or the transfer shall be duly recorded on the Register and the Certificate of Registration hereof), upon the payment of charges and satisfaction of applicable conditions, if any, as therein prescribed; provided that such transfer may occur only with respect to the entire Bond and all of the remaining principal amount of the sole final maturity hereof. The Issuer may treat and consider the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of receiving payment of or on account of the principal of and interest on this Bond (except for the payment of interest to the Owner as of a Record Date) and for all other purposes whatsoever.

Issuance; Purpose; General Obligation. This Bond is issued as a single instrument in the total principal amount of \$176,000, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on March 12, 2014 (the "Resolution") for the purpose of providing funds for a current refunding of the Issuer's General Obligation Improvement Bonds, Series 2008A, dated September 1, 2008 which mature on and after February 1, 2015. This Bond is payable out of the General Obligation Improvement Refunding Bonds, Series 2014B Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the 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 Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Rockville, Stearns County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile or manual signatures of its Mayor and its City Administrator, the corporate seal of the City having been intentionally omitted as permitted by law.

Date of Registration: CITY OF ROCKVILLE,
May 1, 2014 STEARNS COUNTY, MINNESOTA

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION s/ _____
Mayor

This Bond is one of the Bonds described in the Resolution mentioned within.

REGISTRABLE BY AND PAYABLE AT: s/ _____
Office of the Administrator Administrator
City of Rockville, Minnesota

Bond Registrar

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below:

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

REGISTER OF PARTIAL PAYMENTS

The installment of principal amount of the attached Bond has been prepaid on the dates and in the amounts noted below:

<u>DATE</u>	<u>AMOUNT</u>	<u>SIGNATURE OF OWNER</u>	<u>SIGNATURE OF REGISTRAR</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If a notation is made on this register, such notation has the effect stated in the attached Bond. Partial payments do not require the presentation of the attached Bond to the Registrar, and an Owner could fail to note the partial payment here.

6. Execution. The Bonds shall be executed on behalf of the City by the manual signatures or facsimile signatures of its Mayor and Administrator, the seal having been omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bonds may be signed by the 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 Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

7. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

8. Fund and Accounts. There is hereby established a special fund to be designated "General Obligation Improvement Refunding Bonds, Series 2014B Fund" (the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon have been fully paid. In such records there shall be established accounts of the Fund for the purposes and in the amounts as follows:

(a) Payment Account. The proceeds of the Bonds, less accrued interest shall be deposited in the Payment Account. On or prior to the Call Date, the Administrator shall transfer \$171,912.50 of the proceeds of the Bonds from the Payment Account to the paying agent for the Prior Bonds. The sums are sufficient, together with other funds on deposit in debt service fund for the Refunded Bonds, to pay the principal and interest due on the Refunded Bonds. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded Bonds shall be transferred to the Debt Service Account.

(b) Debt Service Account. To the Debt Service Account there shall be credited: (i) any balance remaining after the Call Date, in the Prior Bonds Debt Service Account created by the Prior Resolution; (ii) all collections of all taxes herein and hereafter levied for the payment of the Bonds and interest on the Bonds; (iii) all investment earnings on funds held in the Debt Service Account; and (iv) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due

on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

9. Tax Levy; Coverage Test. To provide moneys for payment of interest on the Bonds, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
See attached schedule		

The tax levies are such that if collected in full they, together with estimated collections of other revenues, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levies shall be irrevocable so long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

Upon payment of the Refunded Bonds, the taxes levied by the Prior Resolution in the years 2014 to 2018 shall be canceled.

10. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this

purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

11. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds 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 Debt Service Account when a sufficient balance is available therein.

12. Prior Bonds; Security and Prepayment. Until retirement of the Prior Bonds, all provisions for the security thereof shall be observed by the City and all of its officers and agents. The Refunded Bonds shall be redeemed and prepaid on the Call Date in accordance with the terms and conditions set forth in the Notice of Call for Redemption attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference.

13. Supplemental Resolution. The Prior Resolution authorizing the issuance of the Prior Bonds is hereby supplemented to the extent necessary to give effect to the provisions hereof.

14. Certificate of Registration. The Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Stearns County, Minnesota, together with such other information as the Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

15. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds 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 Bonds 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 Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost

of the Project, 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.

17. Tax-Exempt Status of the Bonds; Rebate. The City 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 Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The City expects to satisfy the six month expenditure exemption from gross proceeds of the Bonds as provided in Section 1.148-7(c) of the Regulations. The Mayor, the Administrator or either one of them, are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

18. Designation of 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 hereby makes the following factual statements and representations:

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2014 will not exceed \$10,000,000; and
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2014 have been designated for purposes of Section 265(b)(3) of the Code.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

19. Governmental Bonds Post-Issuance Compliance Policies and Procedures. The City hereby approves the Governmental Bonds Post-Issuance Compliance Policies and Procedures in substantially the form presented to the City Council.

20. 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.

21. 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. The motion for the adoption of the foregoing resolution was duly seconded by member Palmer and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Mayor Hagen, Council members: Palmer, Simon, Volkmuth and Willenbring and the following voted against the same:

None. Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF STEARNS
CITY OF ROCKVILLE

I, the undersigned, being the duly qualified and acting Administrator of the City of Rockville, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to authorizing the issuance and awarding the sale of \$176,000 General Obligation Improvement Refunding Bonds, Series 2014B.

WITNESS my hand on March 12, 2014.

Administrator

EXHIBIT A
NOTICE OF CALL FOR REDEMPTION
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2008A
CITY OF ROCKVILLE, STEARNS COUNTY, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Rockville, Stearns County, Minnesota, there have been called for redemption and prepayment on

May 1, 2014

those outstanding bonds of the City designated as General Obligation Improvement Bonds, Series 2008A, dated as of September 1, 2008, subject to mandatory redemption or having stated maturity dates in the years 2015 through 2019, inclusive, and totaling \$170,000 in principal in principal amount and having CUSIP numbers listed below:

<u>Year</u>	<u>CUSIP</u>
2019	NONE ASSIGNED

The bonds are being called at a price of par plus accrued interest to May 1, 2014, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby

called for redemption are requested to present their bonds for payment, at the principal office of the Administrator of the City of Rockville, Minnesota.

Dated: March 12, 2014

BY ORDER OF THE CITY COUNCIL

/s/ Rena Weber, Administrator

<u>Levy Year</u>	<u>TAX LEVIES Collection Year</u>	<u>Amount</u>
2014	2015	\$ 22,361.85
2015	2016	23,014.95
2016	2017	22,596.00
2017	2018	22,177.05
2018	2019	22,808.10
2019	2020	22,367.10
2020	2021	22,976.10
2021	2022	22,513.05

2014-C –PLEASANT LAKE WATER TOWER BOND

Member Willenbring asked if the SAC & WAC on Pleasant Lake Bond does not get paid, would this be from the general tax levy.

David Drown stated this does not mean the council has to commit tax levy from general fund. This bond has pre-payment on a call protection.

Member Willenbring questioned about paying off early and is there is a penalty if paid before the call date.

Member Willenbring asked will there be a double payment – yes for one time. Action was not taken as members would like to explore paying this bond off with sewer fund monies.

COMMITTEE REPORTS

MAYOR – The Mayor had nothing to report.

RTCB – Member Willenbring reported the RTCB did not get accepted for any federal funds, but will continue to apply. The \$920,000 Legacy funds will be used starting this summer.

HUMAN RESOURCES– Chair Palmer reported there was no meeting on Monday due to lack of quorum and the fire chief was not present to review job descriptions.

GARBAGE HAULING - Rena Weber explained the task force met just before the council meeting and appointed Rick Tallman as the Chair and Paul Wirth as Vice-Chair. The group will be going out for bids for residential & commercial together with an Alternate bid being separate. Roger explained the benefits from his perspective.

ADMINISTRATOR’S REPORT

COMPUTER EQUIPMENT – Rena Weber requested the following:

Please approve the replacement of two computers due to the fact that Microsoft will no longer support Windows XP after 4/5/14. This is important that security protection is also affected so e-mails could be infected.

Funding:

101-41940-540 Machinery & Equipment\$4000 in budget

101-43100-540	“	“	7000	“	“
601-49440-540	“	“	2500	“	“
602-49490-540	“	“	4000	“	“

E

101-41940-540	\$880
101-43100-540	212
601-49440-540	212
602-49490-540	212

Budget Amendment:

None

Motion by Member Volkmuth, second by Member Palmer to approve the request as presented.

AYES: Hagen, Palmer, Simon, Volkmuth & Willenbring.

Motion passed on a 5 to 0.

OPEN FORUM

Zach Hansen – Treasurer of Rockville Relief Association was present to address the council regarding the annual party. He read over the written report (hereby attached and marked Exhibit B).

Member Willenbring stated he will do research to see if there is a creative way this can be done.

Vince Schaefer - 541 Caroline Lane stated that he can't understand anything.

Diane Willenbring - 21539 County Road 139 was speaking on behalf of John Clark Senior Housing – can you make a motion again to bring a committee together again to review the water rates?

Member Willenbring motioned to have Mayor Hagen select a group to review the water rate issue - motion died for a lack of a second.

ADJOURNMENT–Motion by Member Volkmuth, second by Member Willenbring, to adjourn the meeting at 7:55 p.m. Motion carried.

**VERENA M. WEBER-CMC
ADMINISTRATOR/CLERK**

**JEFF HAGEN
MAYOR**