

MINUTES, REGULAR MEETING
CITY COUNCIL, CITY OF LA CRESCENT, MINNESOTA
SEPTEMBER 14, 2015

Pursuant to due call and notice thereof, the first meeting of the City Council of the City of La Crescent for the month of September was called to order by Mayor Mike Poellinger at 5:30 PM in the La Crescent City Hall, La Crescent, Minnesota, on Monday, September 14, 2015, followed by the Pledge of Allegiance.

Upon a roll call taken and tallied by the City Administrator, the following members were present: Members Bernie Buehler, Ryan Hutchinson, Brian Krenz, Dale Williams and Mayor Mike Poellinger. Members absent: None. Also present was City Administrator Bill Waller and City Attorney Skip Wieser.

Mayor Poellinger asked if anyone wished to take action to change the agenda as presented. There were no changes requested.

ITEM 1 – CONSENT AGENDA

At this time, the Mayor read the following items, including additional bills, to be considered as part of the Consent Agenda for this regular meeting:

- 1.1 MINUTES – AUGUST 24, 2015
- 1.2 BILLS PAYABLE THROUGH SEPTEMBER 10, 2015
- 1.3 CASH BALANCE/ACTIVITY REPORT – JULY 2015
- 1.4 LIBRARY REPORT – JULY 2015

At the conclusion of the reading of the Consent Agenda, Mayor Poellinger asked if the Council wished to have any of the items removed from the Consent Agenda for further discussion. Member Buehler made a motion, seconded by Member Krenz, as follows:

A MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.1 – ELIZABETH WEFEL - CGMC

Elizabeth Wefel from the Coalition of Greater Minnesota Cities gave an overview to City Council regarding the activities of the Coalition. Ms. Wefel also discussed the challenges of the legislative session, local government and issues with state legislature. This was informational and no action was taken.

ITEM 3.2 – BOND SALE AUTHORIZING RESOLUTION

Tammy Omdal from Northland Securities reviewed with City Council a summary of the bond sale. Following discussion, Member Williams introduced the following resolution and moved its passage and adoption:

RESOLUTION NO. 09-15-19

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,960,000 GENERAL OBLIGATION UTILITY REVENUE AND CROSSOVER REFUNDING BONDS, SERIES 2015A, PLEDGING FOR THE SECURITY THEREOF NET REVENUES, SPECIAL ASSESSMENTS AND TAX INCREMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of La Crescent, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue \$1,960,000 General Obligation Utility Revenue and Crossover Refunding Bonds, Series 2015A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475 and: (i) Chapter 444 to finance improvements to the City's municipal sanitary sewer and water systems (the "System Improvements") and (ii) Section 475.67 to finance the crossover refunding (the "Refunding"), on February 1, 2016 (the "Crossover Date") of the City's outstanding (i) \$415,000 original principal amount of the General Obligation Sewer and Water Revenue Bonds, Series 2008A, dated August 1, 2008 (the "2008A Prior Bonds"), which mature, or are subject to mandatory redemption, on and after February 1, 2017 and (ii) the General Obligation Refunding Bonds, Series 2009A, dated March 12, 2009 (the "2009A Prior Bonds", and together with the 2008A Prior Bonds, the "Prior Bonds"), which mature, or are subject to mandatory redemption, on and after February 1, 2017; and

B. WHEREAS, the City has heretofore created Municipal Development District No. 4 (the "Development District") pursuant to the provisions of Minnesota Statutes, Sections 469.124 through 469.134, and has approved a development program (the "Program") with respect to the Development District; and

C. WHEREAS, the City Council has also heretofore established Tax Increment Financing District No. 4-2 as a redevelopment district within the Development District (the "Tax Increment District") under the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as amended, and has approved a tax increment financing plan (the "TIF Plan") with respect to the Tax Increment District; and

D. WHEREAS, pursuant to the provisions of the Program and the TIF Plan, funds are to be expended within the Development District to provide money to finance eligible project costs within the Tax Increment District, constituting capital and administration costs consisting of public improvements within the Tax Increment District, as set forth in the TIF Plan (the "Project") and the tax increments derived from the Tax Increment District are referred to herein as the "Tax Increments"; and

E. WHEREAS, the City owns and operates a municipal water system (the "Water System") and a municipal sanitary sewer system (the "Sewer System" and, together with the Water System, the "System") as separate revenue producing public utilities the net revenues of the System are pledged to the payment of (i) the "System Portion" of the City's outstanding \$1,175,000 original principal amount General Obligation Bonds, Series 2011A, dated February 1, 2011 and (ii) \$4,505,000 original principal amount General Obligation Crossover Refunding Bonds, Series 2012B, dated May 1, 2012 (the "Outstanding System Bonds") and the 2008A Prior Bonds; and the net revenues of the Sewer System are also pledged to the payment of \$1,210,000

original principal amount General Obligation Sewer Revenue Bonds, Series 2012A, dated March 1, 2012 (the "Outstanding Sewer Bonds"); and

F. WHEREAS, \$265,000 aggregate principal amount of the 2008A Prior Bonds will be called on the Crossover Date (the "2008A Refunded Bonds"), at a price of par plus accrued interest, as provided in the resolution of the City Council adopted on July 14, 2008, authorizing the issuance of the 2008A Prior Bonds (the "2008A Prior Resolution") and the Refunding of the 2008A Refunded Bonds on the Crossover Date is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

G. WHEREAS, \$670,000 aggregate principal amount of the 2009A Prior Bonds will be called on the Crossover Date (the "2009A Refunded Bonds" and, together with the 2008A Refunded Bonds, the "Refunded Bonds"), at a price of par plus accrued interest, as provided in the Resolution No. 02-09-02 of the City Council adopted on February 23, 2009, authorizing the issuance of the 2009A Prior Bonds (the "2009A Prior Resolution", and together with the 2008A Prior Resolution, the "Prior Resolutions") and the Refunding of the 2009A Refunded Bonds on the Crossover Date is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

H. WHEREAS, as permitted by Minnesota Statutes, Section 475.60, Subdivision 2(5), the public sale requirements do not apply to the Refunding Portion of the Bonds, as hereinafter defined; and

I. WHEREAS, no other obligation has been sold pursuant to a private sale within the last twelve calendar months of the date hereof which when combined with the System Portion of the Bonds, as hereinafter defined, would exceed the \$1,200,000 limitation on negotiated sales as required by Minnesota Statutes, Section 475.60, Subdivision 2(2); and

J. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

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

1. Acceptance of Offer. The offer of Northland Securities, Inc. (the "Purchaser"), to purchase the Bonds in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$1,951,855.15, plus interest accrued to settlement, is hereby accepted.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated September 15, 2015, as the date of original issue and shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$195,000	2022	\$240,000
2018	220,000	2023	255,000
2019	225,000	2024	145,000
2020	220,000	2025	110,000

2021

240,000

2026

110,000

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Allocation. The aggregate principal amount of \$1,015,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the System Improvements (the "System Portion"); the aggregate principal amount of \$270,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Refunding of the 2008A Prior Bonds (the "2008A Refunding Portion"); the aggregate principal amount of \$675,000 maturing in each of the years and amount hereinafter set forth are issued to finance the Refunding of the 2009A Prior Bonds, (the "2009A Refunding Portion", and together with the 2008A Refunding Portion, the "Refunding Portion"):

<u>Year</u>	<u>System Portion</u>	<u>2008A Refunding Portion</u>	<u>2009A Refunding Portion</u>	<u>Total Amount</u>
2017	\$85,000	\$25,000	\$85,000	\$195,000
2018	95,000	35,000	90,000	220,000
2019	100,000	30,000	95,000	225,000
2020	100,000	30,000	90,000	220,000
2021	100,000	40,000	100,000	240,000
2022	105,000	30,000	105,000	240,000
2023	105,000	40,000	110,000	255,000
2024	105,000	40,000	-	145,000
2025	110,000	-	-	110,000
2026	110,000	-	-	110,000

If Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, the prepayment may be allocated to any portion of debt service in such amounts as the City shall determine. If the source of the prepayment are revenues pledged for the System Improvements, the prepayment

shall be allocated to the System Portion of debt service. If the source of prepayments are tax increments, special assessments and net revenues of the System pledged for the 2008A Prior Bonds, the prepayment shall be allocated to the 2008A Refunding Portion of the Bonds. If the source of prepayments are taxes levied for the 2009A Prior Bonds, the prepayment shall be allocated to the 2009A Refunding Portion of the Bonds.

(c) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

- (i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.
- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.
- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
- (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and

subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

- (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
- (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.
- (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.
- (ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.
- (x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.
- (d) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:
 - (i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.
 - (ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best

interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(e) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Refunding Findings. The System Portion of the Bonds shall provide funds to finance the System Improvements. The Refunding Portion of the Bonds shall provide funds to finance the Refunding. The total cost of the System Improvements and the Refunding, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the System Improvements proceeds with due diligence to completion and that any and all permits and studies required under law for the System Improvements are obtained. It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, Subdivision 13. As of the Crossover Date, shall result in a reduction of the present value of the dollar amount of the debt service to the City from a total dollar amount of \$312,958.43 for the 2008A Prior Bonds to a total dollar amount of \$293,410.79 for the 2008A Refunding Portion of the Bonds, computed in accordance with the provisions of Minnesota Statutes, Section 475.67, Subdivision 12, and accordingly the dollar amount of such present value of the debt service for the 2008A Refunding Portion of the Bonds is lower by at least three percent than the dollar amount of such present value of the debt service for the 2008A Prior Bonds, as required in Minnesota Statutes, Section 475.67, Subdivision 12. As of the Crossover Date, shall result in a reduction of the present value of the dollar amount of the debt service to the City from a total dollar amount of \$756,877.89 for the 2009A Prior Bonds to a total dollar amount of \$719,054.16 for the 2009A Refunding Portion of the Bonds, computed in accordance with the provisions of Minnesota Statutes, Section 475.67, Subdivision 12, and accordingly the dollar amount of such present value of the debt service for the 2009A Refunding Portion of the Bonds is lower by at least three percent than the dollar amount of such present value of the debt service for the 2009A Prior Bonds, as required in Minnesota Statutes, Section 475.67, Subdivision 12.

4. Interest. The Bonds shall bear interest payable semiannually on August 1 and February 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2016, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2017	2.00%	2022	2.00%
2018	2.00	2023	2.00
2019	2.00	2024	2.35
2020	2.00	2025	2.35
2021	2.00	2026	2.35

5. Redemption. All Bonds maturing on February 1, 2023 and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2022, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds thirty days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Northland Trust Services, Inc., in Minneapolis, 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 and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
HOUSTON AND WINONA COUNTIES
CITY OF LA CRESCENT**

R-_____ \$_____

**GENERAL OBLIGATION UTILITY REVENUE AND CROSSOVER REFUNDING BOND, SERIES
2015A**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____%	February 1,	September 15, 2015	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of La Crescent, Houston and Winona Counties, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on August 1 and February 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2016, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Northland Trust Services, Inc., in Minneapolis, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2023, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2022, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,960,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued 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 September 14, 2015 (the "Resolution"), for the purpose of providing money to finance improvements to the water and sanitary sewer systems of the Issuer and for a crossover refunding on February 1, 2016, of the Issuer's outstanding General Obligation Sewer and Water Revenue Bonds, Series 2008A, dated August 1, 2008 and General Obligation Refunding Bonds, Series 2009A, dated March 12, 2009. This Bond is payable out of the General Obligation Utility Revenue and Crossover Refunding Bonds, Series 2015A 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.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

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 Bond 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; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of its municipal water and sanitary sewer systems (together, the "System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the System Portion of the Bonds and the 2008A Refunding Portion of the Bonds, adequate to pay all principal and interest when due on the System Portion of the Bonds and the 2008A Refunding Portion of the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on the System Portion of the Bonds and the 2008A Refunding Portion of the Bonds as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; 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 La Crescent, Houston and Winona Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its City Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration: _____ Registrable by: NORTHLAND TRUST SERVICES, INC.

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION
Payable at: NORTHLAND TRUST SERVICES, INC.
CITY OF LA CRESCENT,
HOUSTON AND WINONA COUNTIES,
MINNESOTA

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

NORTHLAND TRUST SERVICES, INC.
Minneapolis, Minnesota
Bond Registrar

/s/ Facsimile
Mayor

By: _____ /s/ Facsimile
Authorized Signature City Administrator

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UTMA - _____ as custodian for _____
(Cust) (Minor)
under the _____ Uniform
(State)
Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and City Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of September 15, 2015. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The City Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

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

15. Fund and Accounts. There is hereby established a special fund to be designated "General Obligation Utility Revenue and Crossover Refunding Bonds, Series 2015A Fund" (the "Fund") to be administered and maintained by the City Finance Director 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. The Operation and Maintenance Account for the Water System and the Operation and Maintenance Account for the Sewer System (the "Operation and Maintenance Accounts") heretofore established by the City shall continue to be maintained in the manner heretofore provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Accounts shall constitute or are referred to as "net revenues" until the System Portion of the Bonds and the 2008A Refunding Portion of the Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all income and disbursements of the System as hereinafter set forth. The City Finance Director and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established accounts or accounts shall continue to be maintained as the case may be, of the Fund for the purposes and in the amounts as follows:

(a) Escrow Account. The Escrow Account shall be maintained as an escrow account with Northland Trust Services, Inc. (the "Escrow Agent"), in Minneapolis, Minnesota, which is a suitable financial institution within or without the State. \$957,325.00 in proceeds of the sale of the Bonds shall be received by the Escrow Agent and applied to fund the Escrow Account or to pay costs of issuing the Bonds. Proceeds of the Bonds not used to pay costs of issuance are hereby irrevocably pledged and appropriated to the Escrow Account, together with all investment earnings thereon. The amounts deposited in the Escrow Account at closing shall be in an amount sufficient to provide funds, (i) to pay when due the interest to accrue on the 2008A Refunding Portion of the Bonds to and including the Crossover Date; (ii) to pay when called for redemption on the Crossover Date, the principal amount of the 2008A Refunded Bonds; (iii) to pay when due the interest to accrue on the 2009A Refunding Portion of the Bonds to and including the Crossover Date; and (iv) to pay when called for redemption on the Crossover Date, the principal amount of the 2009A Refunded Bonds. The Escrow Account shall be irrevocably appropriated to the payment of (i) all interest on the 2008A Refunding Portion of the Bonds to and including the Crossover Date, (ii) the principal of the 2008A Refunded Bonds due by reason of their call for redemption on the Crossover Date, (iii) all interest on the 2009A Refunding Portion of the Bonds to and including the Crossover Date, and (iv) the principal of the 2009A Refunded Bonds due by reason of their call for redemption on the Crossover Date. The moneys in the Escrow Account shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City, all in accordance with the Escrow Agreement, by and between the City and Escrow Agent (the "Escrow Agreement"), a form of which is on file in the office of the City Administrator. Any moneys remitted to the City upon termination of the Escrow Agreement shall be deposited in the Debt Service Account.

(b) Construction Account. To the Construction Account there shall be credited \$9,995,323.48 in proceeds of the sale of the System Portion of the Bonds. From the Construction Account there shall be paid all costs and expenses of making the System Improvements, including the cost of any construction or other binding contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Any balance remaining in the Construction Account after completion of the System Improvements shall be transferred to the System Improvement Debt Service Subaccount.

(c) Debt Service Account. There shall be maintained separate subaccounts in the Debt Service Account to be designated the "System Improvement Debt Service Subaccount", the "2008A Refunding Debt Service Subaccount", and the "2009A Refunding Debt Service Subaccount". There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

- (i) System Improvement Debt Service Subaccount. To the System Improvement Debt Service Subaccount there shall be credited: (A) a pro rata share of accrued interest received upon delivery of the System Portion of the Bonds (B) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the System Improvement Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the System Portion of the Bonds; (C) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the System Portion of the Bonds are insufficient therefore; (D) all funds remaining in the Construction Account after completion of the System Improvements and payment of the costs thereof; (E) all investment earnings on funds held in the System Improvement Debt Service Subaccount; and (F) any and all other moneys which are properly available and are appropriated by the governing body of the City to the System Improvement Debt Service Subaccount. The System Improvement Debt Service Subaccount shall be used solely to pay the principal and

interest and any premium for redemption of the System Portion of the Bonds and any other bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

- (ii) 2008A Refunding Debt Service Subaccount. To the 2008A Refunding Debt Service Subaccount there shall be irrevocably appropriated and pledged to: (A) after the Crossover Date, any uncollected Tax Increments pledged to the payment of the 2008A Refunded Bonds; (B) after the Crossover Date, all uncollected special assessments pledged to the payment of the 2008A Refunding Portion of the Bonds; (C) after the Crossover Date, the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the 2008A Refunding Portion of the Bonds; (D) any collections of all taxes which may hereafter be levied in the event the net revenues of the System and other sums herein pledged to the payment of the principal and interest on the 2008A Refunding Portion of the Bonds are insufficient therefor; (E) a pro rata share of any balance remitted to the City pursuant to the Escrow Agreement; (F) all investment earnings on funds held in the 2008A Refunding Debt Service Subaccount; (G) any funds remaining after the Crossover Date in the Debt Service Account established by the 2008A Prior Resolution; and (H) any and all other moneys which are properly available and are appropriated by the governing body of the City to the 2008A Refunding Debt Service Subaccount. The 2008A Refunding Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the 2008A Refunding Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law. The amount of any surplus remaining in the 2008A Refunding Debt Service Subaccount when the 2008A Refunding Portion of the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.
- (iii) 2009A Debt Service Subaccount. To the 2009A Debt Service Subaccount there shall be irrevocably appropriated and pledged to: (A) any collections of all taxes heretofore or hereafter levied for the payment of the 2009A Prior Bonds and interest thereon which are not needed to pay the 2009A Prior Bonds as a result of the Refunding and any taxes herein levied; (B) a pro rata share of any balance remitted to the City pursuant to the Escrow Agreement; (C) all investment earnings on funds held in the 2009A Refunding Debt Service Subaccount; (D) any funds remaining after the Crossover Date in the Debt Service Account established by the 2009A Prior Resolution; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the 2009A Refunding Debt Service Subaccount. The 2009A Refunding Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the 2009A Refunding Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law. The amount of any surplus remaining in the 2009A Refunding Debt Service Subaccount when the 2009A Portion of the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

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, the Operation and Maintenance Accounts or the 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 said 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”).

16. Covenants Relating to the System Portion of the Bonds.

(a) Coverage Test; Pledge of Net Revenues and Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the System, together with other pledged sums, are sufficient in amount to pay when due the principal of and interest on the System Portion of the Bonds, the 2008A Refunding Portion of the Bonds and the Outstanding System Bonds and a sum at least five percent in excess thereof. The net revenues of the Sewer System are sufficient to pay when due the principal and interest on the Outstanding Sewer Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity lien with the Outstanding System Bonds and the Outstanding Sewer Bonds and shall be applied for that purpose, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the System Portion of the Bonds and the 2008A Refunding Portion of the Bonds as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient, in addition to all other sources, for the payment of the System Portion of the Bonds and the 2008A Refunding Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the System Portion of the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: “Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations”.

(c) Excess System Net Revenues. System net revenues in excess of those required for the foregoing may be used for any proper purpose.

17. Covenants Relating to the 2008A Refunding Portion of the Bonds.

(a) Tax Increments; Reservation of Rights. Notwithstanding any provisions herein to the contrary, the City reserves the right to terminate, reduce, or apply to other lawful purposes the Tax Increments herein pledged, along with other pledged revenues, to the payment of the 2008A Refunding Portion of the Bonds and interest thereon to the extent and in the manner permitted by law.

(b) Coverage Test; Pledge of Net Revenues and Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the System, together with other pledged sums, are sufficient in amount to pay when due the principal of and interest on the 2008A Refunding Portion of the Bonds, the System Portion of the Bonds and the Outstanding System Bonds and a sum at least five percent in excess thereof. The net revenues of the Sewer System are sufficient to pay when due the principal and interest on the Outstanding Sewer Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity lien with the Outstanding System Bonds and the Outstanding Sewer Bonds and shall be applied for that purpose, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the 2008A Refunding Portion of the Bonds and the System Portion of the Bonds as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient, in addition to all other sources, for the payment of the 2008A Refunding Portion of the Bonds and the System Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(c) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the 2008A Refunding Portion of the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: “Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations”.

(d) Excess System Net Revenues. System net revenues in excess of those required for the foregoing may be used for any proper purpose.

(e) Special Assessments. The City has heretofore levied certain special assessments pursuant to Minnesota Statutes, Section 475.58, Subdivision 1(3) under the 2008A Prior Resolution, which were pledged to the repayment of the 2008A Prior Bonds and, after the Crossover Date, the uncollected special assessments for the 2008A Prior Bonds are now pledged to the repayment of the 2008A Refunding Portion of the Bonds. The special assessments are such that if collected in full they will produce, together with the other sums pledged to the payment of the 2008A Refunding Portion of the Bonds and other revenues herein pledged, a sum at least five percent in excess of the amount needed to meet when due the principal and interest payments on the 2008A Refunding Portion of the Bonds. The special assessments were levied as provided below, payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at the rate shown opposite such years:

<u>Improvement Designations</u>	<u>Amounts</u>	<u>Interest Rate</u>	<u>Levy Years</u>	<u>Collection Years</u>
Crest 2 nd Street Project	\$15,575	5.00%	2008-2017	2009-2018

18. Covenants Relating to the 2009A Refunding Portion of the Bonds.

(a) Tax Levy; Coverage Test. To provide moneys for payment of the principal and interest on the 2009A Refunding Portion of the 2009A Refunding Portion of 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:

TAX LEVY SCHEDULE – 2009A REFUNDING PORTION

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2015	2016	\$108,780.00
2016	2017	106,890.00
2017	2018	110,250.00
2018	2019	103,005.00
2019	2020	111,615.00
2020	2021	114,765.00
2021	2022	117,810.00

The tax levies are such that if collected in full they will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the 2009A Refunding Portion of the Bonds. The tax levies shall be irrevocable so long as any of the 2009A Refunding Portion 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 Prior 2009A Bonds, the uncollected taxes levied in the 2009A Prior Resolution authorizing the issuance of the Prior 2009A Bonds which are not needed to pay the Prior 2009A Bonds as a result of the Refunding shall be canceled.

19. 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.

20. Securities; Escrow Agent. Securities, if any, purchased from moneys in the Escrow Account shall be limited to securities set forth in Minnesota Statutes, Section 475.67, Subdivision 8, and any amendments or supplements thereto. The City Council has investigated the facts and hereby finds and determines that the Escrow Agent is a suitable financial institution to act as escrow agent.

21. Escrow Agreement. On or prior to the delivery of the Refunding Portion of the Bonds the Mayor and Administrator shall, and are hereby authorized and directed to, execute on behalf of the City an Escrow Agreement. The Escrow Agreement is hereby approved and adopted and made a part of this resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

22. Redemption of Prior Bonds. The Prior Bonds shall be redeemed and prepaid in accordance with the terms and conditions set forth in the Notices of Call for Redemption, in the form attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference. The Notices of Call for Redemption shall be given pursuant to the Escrow Agreement.

23. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the “Rule”), promulgated by the

Securities and Exchange Commission (the “Commission”) pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the “Undertaking”) hereinafter described:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the “MSRB”) by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City’s obligations under the covenants.

The Mayor and Administrator or any other officer of the City authorized to act in their place (the “Officers”) are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

24. 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.

25. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City’s compliance with United States Treasury Regulations Section 1.150-2 (the “Reimbursement Regulations”) applicable to the “reimbursement proceeds” of the System Portion of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a “Reimbursement Expenditure”).

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the "issue price" of the System Portion of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the System Portion of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the System Portion of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the System Portion of the Bonds and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of System Portion of the Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the System Portion of the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the System Portion of the Bonds.

26. Supplemental Resolution. The Prior Resolutions authorizing the issuance of the Prior Bonds are hereby supplemented to the extent necessary to give effect to the provisions hereof.

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

28. 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.

29. 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.

30. 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, if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Bonds are issued by a governmental unit with general taxing powers;
- (b) no Bond is a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and
- (d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with 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.
- (e) there shall not be taken into account for purposes of said \$5,000,000 limit any bond issued to refund (other than to advance refund) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond;
- (f) the aggregate face amount of the Bonds does not exceed \$5,000,000;
- (g) each of the Refunded Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;
- (h) the average maturity of the 2008A Refunding Portion of the Bonds does not exceed the average maturity of the 2008A Refunded Bonds; and
- (i) the average maturity of the 2009A Refunding Portion of the Bonds does not exceed the average maturity of the 2009A Refunded Bonds; and
- (j) no part of the 2008A Refunding Portion of the Bonds has a maturity date which is later than the date which is thirty years after the date the 2008A Refunded Bonds were issued; and

(k) no part of the 2009A Refunding Portion of the Bonds has a maturity date which is later than the date which is thirty years after the date the 2009A Refunded Bonds were issued.

31. 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 501I(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 2015 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2015 have been designated for purposes of Section 265(b)(3) of the Code;

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

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.

32. 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

33. 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.

ADOPTED this 14th day of September, 2015.

SIGNED:

Mayor

ATTEST:

City Administrator

The foregoing motion was duly seconded by Member Krenz and upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried and the resolution duly passed and adopted.

ITEM 3.3 – STONEY POINT PROPERTY REVIEW

City Engineer Tim Hruska reviewed with City Council the revised conceptual plans for the Stoney Point property. City Council reviewed the plans and preliminary cost estimates for each of the concepts. Tammy Omdal of Northland Securities also reviewed with City Council the financial impact of the different options, and the preliminary sale price for the proposed lots. City Attorney Wieser reviewed the status of Stoney Point Road. Following discussion, it was the consensus of City Council to have the City Attorney begin the process to declare Stoney Point a public street. It was recommended to Council to call for a Special City Council/Planning Commission Meeting on Tuesday, September 22, 2015 at 5:30 p.m. for the purpose of meeting on-site with the City's engineer to review the conceptual plans for Stoney Point. Following discussion, Member Williams made a motion, seconded by Member Buehler, as follows:

MOTION TO CALL FOR SPECIAL CITY COUNCIL/PLANNING COMMISSION MEETING ON TUESDAY, SEPTEMBER 22, 2015 AT 5:30 P.M. FOR THE PURPOSE OF MEETING ON-SITE WITH THE CITY'S ENGINEER TO REVIEW THE CONCEPTUAL PLANS FOR STONEY POINT.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.4 – STORM WATER PROJECT QUOTE RESULTS

City Engineer Tim Hruska reviewed with City Council the quotes for the Crescent Valley Phase 2 A project which will extend sanitary sewer from the south end of Janelle Avenue to the south end of Crescent Avenue. The project includes a grinder pump station that will be installed at one home on Kinder Road and the reconstruction of the roadway to an aggregate surface only. Bituminous surfacing will be included on the next phase. The low bid for the project was received from Zenke Inc. for \$72,372.05. It was recommended to City Council to approve the Zenke Inc. bid. Following discussion, Member Williams made a motion, seconded by Member Buehler, as follows:

MOTION TO ACCEPT THE ZENKE INC. PROPOSAL IN THE AMOUNT OF \$72,372.05 FOR THE CRESCENT VALLEY PHASE 2 A PROJECT.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.5 – CRESCENT VALLEY PROJECT QUOTE RESULTS

City Engineer Tim Hruska reviewed with City Council the quotes for the 2016 Storm Sewer Improvements project which will construct new storm sewer structures in the Claudia Avenue and West Bank areas. The structures, along with storm sewer piping, will be installed to alleviate current erosion issues at the outlet of the existing culverts. The project also includes filling the existing eroded areas after the pipe is installed and replacing two pipes in the West Bank area that have collapsed. A separate project will be quoted to pipe lining contractors to repair the storm sewer line between the catch basin on McIntosh Road and the new storm sewer structure installed in the West Bank area. The low bid for the project was received from Zenke Inc. for \$39,892.45. It was recommended to City Council to approve the Zenke Inc. bid and to amend the 2015 general fund budget to reflect this expenditure. Following discussion, Member Williams made a motion, seconded by Member Krenz, as follows:

MOTION TO ACCEPT THE ZENKE INC. PROPOSAL IN THE AMOUNT OF \$39,892.45 FOR THE 2016 STORM SEWER IMPROVEMENTS PROJECT AND TO AMEND THE 2015 GENERAL FUND BUDGET TO REFLECT THIS EXPENDITURE.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.6 – ENGINEERING PROPOSAL – CANOE/KAYAK ACCESS

City Engineer Tim Hruska reviewed with City Council a professional services agreement from WHKS to assist with the development of 2 canoe/kayak launch sites. The site along Chestnut Street has the possibility of being incorporated into the Mississippi River and Wagon Wheel bike trails, and may be used for a variety of purposes

in the future. City Council reviewed copies of the site plans for each of the accesses. The project will be a cooperative effort between the City, the La Crescent Chamber of Commerce and Healthy Community Partnership. The Chamber has offered to submit an Explore Minnesota Tourism Grant for a portion of the costs of the project. In 2013 Healthy Community Partnership/Active Living gave the city approximately \$750 which it was recommended to City Council that these funds be applied towards this project. It was also recommended that City Council accept the proposal submitted by WHKS and amend the 2015 general fund budget to reflect the expenditure. Following discussion, Member Buehler made a motion, seconded by Member Krenz, as follows:

MOTION TO ACCEPT THE PROFESSIONAL SERVICES AGREEMENT FROM WHKS FOR THE CANOE/KAYAK LAUNCH SITES PROJECT AND TO AMEND THE 2015 GENERAL FUND BUDGET TO REFLECT THIS EXPENDITURE.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.7 – GAS INSTALLERS LICENSE APPLICATION

Council reviewed a gas installer license application from Plumbers Mechanical Group. The application appears to be in order and it is recommended the City Council approve the license application as presented. Following discussion, Member Krenz made a motion, seconded by Member Hutchinson, as follows:

MOTION TO APPROVE THE GAS INSTALLER LICENSE APPLICATION FROM PLUMBERS MECHANICAL GROUP.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.8 – 2015 MnDOT TRANSIT APPLICATION

City Council reviewed a resolution to approve the State Transit Operating Assistance application for 2016. The resolution is adopted and submitted to MnDot each year. In 2015 the City will receive approximately \$211,000

in Federal and State funds to operate the local bus service. City Council also reviewed a section from the Service Enhancement and Policy Plan that is being completed by the La Crosse/La Crescent MPO. The plan is currently under consideration and provides for the addition of Saturday bus service in 2017. Following discussion, Member Williams introduced the following resolution and moved its passage and adoption:

RESOLUTION NO. 09-15-20

**RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LA CRESCENT
ENTERING INTO AN AGREEMENT WITH THE STATE OF MINNESOTA TO PROVIDE PUBLIC
TRANSPORTATION IN THE CITY OF LA CRESCENT**

WHEREAS, the City of La Crescent, Minnesota, enters into an Agreement with the State of Minnesota to provide public transportation in the City of La Crescent.

FURTHER RESOLVED that the City of La Crescent, Minnesota agrees to provide (20%) percent of the total operating cost from local funds and (20%) percent of the total capital costs.

FURTHER RESOLVED that authorization to execute the aforementioned Agreement and any amendments thereto is hereby given to the Mayor or the City Clerk/Administrator.

FURTHER resolved that the City Administrator or Transit Manager is hereby authorized to execute requests for reimbursement to the Minnesota Department of Transportation.

ADOPTED this 14th day of September, 2015.

SIGNED:

Mayor

ATTEST:

City Administrator

The foregoing motion was duly seconded by Member Hutchinson and upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried and the resolution duly passed and adopted.

ITEM 3.9 – LISTENING SESSION/HEARING REQUEST – CROSS/STAR

City Attorney Wieser gave an overview to City Council regarding a request from Cheryl Jostad to hold a public input meeting regarding the cross/star that is located on City property. Attorney Wieser also provided to City Council an update on the status of this matter. Ms. Jostad also addressed the issue with City Council. No action taken.

ITEM 3.10 – FIREFIGHTER RETIREMENT

City Council reviewed a letter of retirement from Dan Heth from the La Crescent Fire Department effective September 30, 2015. Following discussion, Member Hutchinson made a motion, seconded by Member Krenz, as follows:

MOTION TO ACCEPT THE LETTER OF RETIREMENT FROM DAN HETH FROM THE LA CRESCENT FIRE DEPARTMENT EFFECTIVE SEPTEMBER 30, 2015.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.11 – FIRE CHIEF RETIREMENT

City Council reviewed a retirement notice from John Meyer as Fire Chief of the La Crescent Fire Department effective October 15, 2015 at 17:00 hours. It was also recommended to approve the following process/schedule:

- September 14 – City Council accepts the retirement notice and authorizes that the position be posted.
- September 15 – position posted.
- September 29 – position posting closes.
- September 30 – applications/notice of interest reviewed.
- Week of October 5 – interviews conducted by the Personnel Committee.
- October 12 – hiring recommendation presented to the City Council, and new Fire Chief sworn in.
- October 16 – new Fire Chief assumes responsibility.

Following discussion, Member Krenz made a motion, seconded by Member Williams, as follows:

MOTION TO ACCEPT THE RETIREMENT NOTICE FROM JOHN MEYER AS FIRE CHIEF OF THE LA CRESCENT FIRE DEPARTMENT EFFECTIVE OCTOBER 15, 2015 AT 17:00 HOURS AND TO APPROVE THE HIRING SCHEDULE AND PROCESS AS PROPOSED.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.12 – PLANNING COMMISSION MINUTES – SEPTEMBER 1, 2015

City Administrator Waller reviewed with City Council the minutes from the September 1, 2015 Planning Commission Meeting. The minutes were informational and no action was taken.

ITEM 3.13 – FRANCHISE AGREEMENT RESOLUTION

City Attorney Wieser reviewed with City Council a correspondence from Charter communications asking the City to consent to the transfer of control ownership of the cable television system within the City of La Crescent. This is a result of a corporate merger that is further explained in the correspondence. City Council also reviewed a proposed Resolution. Following discussion, Member Williams introduced the following resolution and moved its passage and adoption:

RESOLUTION NO. 09-15-21

CONSENT

WHEREAS, Charter Communications VIII Operating, LLC ("Franchisee") is the duly authorized holder of a franchise, as amended to date (the "Franchise"), authorizing Franchisee to operate and maintain a cable system to serve City of La Crescent, MN (the "Franchise Authority"); and

WHEREAS, on May 23, 2015, Charter Communications, Inc. ("Charter Communications"), the ultimate parent company of the Franchise, with its subsidiary CCH I, LLC ("New Charter"), entered into agreements with Advance/Newhouse Partnership ("A/N"), the ultimate parent company of Bright House Networks, LLC ("BHN"), Time Warner Cable Inc. ("TWC"), and Liberty Broadband Corporation ("Liberty") (collectively "the Agreements"), the purpose of which are to effectuate the acquisition of BHN and merger with TWC ("Transaction"); and

WHEREAS, Charter Communications will merge with a subsidiary of New Charter, and all shares of Charter Communications, will be converted into shares of New Charter, and New Charter will assume the name Charter Communications, Inc. ("Charter"); and

WHEREAS, pursuant to the Agreements, A/N, TWC shareholders, and Liberty will acquire minority ownership interests in Charter; and

WHEREAS, the majority of Charter's Board of Directors will remain the same and its senior management will not change as a result of the Transaction; and

WHEREAS, the actual working control of Franchise will not change as a result of the Transaction, and will remain with Charter; and

WHEREAS, Charter has filed an FCC Form 394 with the Franchise Authority (the "Application"); and

WHEREAS, the Franchise Authority has considered the Application and consents to the Transaction.

NOW, THEREFORE, BE IT RESOLVED BY THE FRANCHISE AUTHORITY AS FOLLOWS:

The foregoing recitals are approved and incorporated herein by reference.

1. The Franchise Authority consents to the Transaction.

2. The Franchise Authority confirms that the Franchise is valid and outstanding and in full force and effect and there are no defaults under the Franchise. Subject to compliance with the terms of this Resolution, all action necessary with respect to the Transaction and the Franchisee has been duly and validly taken.

3. Charter or the Franchisee may (a) assign, transfer, or transfer control of its assets, including the Franchise, provided that such assignment, transfer, or transfer of control is to an entity directly or indirectly controlling, controlled by or under common control with Charter; (b) restructure debt or change the ownership interests among existing equity participants in Charter; (c) pledge or grant a security interest to any lender(s) of Charter's assets, including, but not limited to, the Franchise, or of interest in Charter, for purposes of securing any indebtedness; and (d) sell equity interests in Charter or any of Charter's affiliates.

4. Upon closing of the Transaction, the Franchisee shall remain bound by the lawful terms and conditions of the Franchise.

5. This Resolution shall be deemed effective upon adoption.

6. This Resolution shall have the force of a continuing agreement with Franchisee, and the Franchise Authority shall not amend or otherwise alter this Resolution without the consent of Franchisee and Charter.

ADOPTED this 14th day of September, 2015.

SIGNED:

Mayor

ATTEST:

City Administrator

The foregoing motion was duly seconded by Member Buehler and upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried and the resolution duly passed and adopted.

ITEM 3.14 – PERSONNEL COMMITTEE RECOMMENDATION

City Administrator Waller gave an overview to City Council regarding the following recommendations from the Personnel Committee:

1. On September 23, 2015, Lisa Olson will have successfully completed her six month probationary period as the Administrative Secretary for the La Crescent Police Department. It was recommended to City Council from Police Chief Stavenau that Ms. Olson’s status as a probationary employee be removed on September 23, 2015, at which time she would be classified as a regular City employee.
2. That full-time licensed Police Officers that work on a part-time basis, for purposes of participation in the Public Employees Retirement Association, be included in the Police and Fire portion of the plan, rather than the coordinated portion of the plan. City Council also reviewed a memo from Police Chief Stavenau and a proposed Resolution regarding this matter.

Following discussion, Member Buehler made a motion, seconded by Member Hutchinson, as follows:

MOTION TO APPROVE THAT THE STATUS AS A PROBATIONARY EMPLOYEE FOR LISA OLSON AS THE ADMINISTRATIVE SECRETARY FOR THE LA CRESCENT POLICE DEPARTMENT BE REMOVED ON SEPTEMBER 23, 2015 AND MS. OLSON BE CLASSIFIED AS A REGULAR CITY EMPLOYEE.

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

Following further discussion, Member Buehler introduced the following resolution and moved its passage and adoption:

RESOLUTION NO. 09-15-21-A

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
PART-TIME LA CRESCENT POLICE OFFICER DECLARATION**

WHEREAS, the policy of the State of Minnesota as declared in Minnesota Statutes 353.63 is to give special consideration to employees who perform hazardous work and devote their time and skills to protecting the property and personal safety of others; and

WHEREAS, Minnesota Statutes Section 353.64 permits governmental subdivisions to request coverage in the Public Employees Police and Fire plan for eligible employees of police or sheriff departments whose position duties meet the requirements stated therein and listed below.

BE IT RESOLVED that the City Council, of the City of La Crescent hereby declares that the position of part-time police officers, meets all of the following Police and Fire Plan membership requirements:

1. Said position requires a license by the Minnesota peace officer standards and training board under sections 626.84 to 626.863 and this employee is so licensed;
2. Said position's primary (over 50%) duty is to enforce the general criminal laws of the state;
3. Said position charges this employee with the prevention and detection of crime;
4. Said position gives this employee the full power of arrest, and
5. Said position is assigned to a designated police or sheriff's department.

BE IT FURTHER RESOLVED, that this governing body hereby requests that the named employee be accepted as a member of the Public Employees Police and Fire Plan effective the date of this employee's initial Police and Fire Plan salary deduction by the governmental subdivision.

ADOPTED this 14th day of September, 2015.

SIGNED:

Mayor

ATTEST:

City Administrator

The foregoing motion was duly seconded by Member Williams and upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried and the resolution duly passed and adopted.

ITEM 3.15 – COURT DATA SERVICES RESOLUTION

City Attorney Wieser reviewed with City Council a correspondence and proposed Resolution from Police Chief Stavenau regarding connecting the La Crescent Police Department to the Minnesota Court Data Systems. This request is on behalf of the 3rd Judicial District, Houston County Court Administration and all law enforcement agencies have been asked to submit this Resolution. Following discussion, Member Hutchinson introduced the following resolution and moved its passage and adoption:

RESOLUTION NO. 09-15-22

RESOLUTION AUTHORIZING THE CITY OF LA CRESCENT TO ENTER INTO A MASTER SUBSCRIBER AGREEMENT WITH THE MINNESOTA COURT DATA SERVICES FOR GOVERNMENTAL AGENCIES

WHEREAS, the City of La Crescent desires to improve the efficiencies through participating in a more efficient court process with the Minnesota Judicial Branch; and

WHEREAS, as the Minnesota Judicial Branch moves towards a more efficient court process, the eCourtMN initiative is committed to ensuring that non-court governmental agencies have appropriate access to court records and documents; and

WHEREAS, the City of La Crescent desires to subscribed to Minnesota Court Data Services Program.

NOW, THEREFORE, BE IT RESOLVED that the City of La Crescent approves and authorizes the Chief of Police, Douglas Stavenau of the La Crescent Police Department and City Attorney, Al Wieser, III of Wieser Law Office, P.C., to sign the Master Subscriber Agreement for Minnesota Court Data Services for Governmental Agencies.

ADOPTED this 14th day of September, 2015.

SIGNED:

Mayor

ATTEST:

City Administrator

The foregoing motion was duly seconded by Member Williams and upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried and the resolution duly passed and adopted.

ITEM 3.16 – BOYS & GIRLS CLUB UPDATE

City Council reviewed an article from the *La Crosse Tribune* regarding the closing of the La Crescent Boys and Girls Club facility. The Club has been located since 1999/2000 in space provided by the City of La Crescent at the Community Ice Arena. There is approximately 1,900 square feet of space that was utilized by the Club. The City will work with Lancer Youth Hockey to evaluate alternatives to use the space and will present a recommendation to City Council at a future meeting. This was informational and no action was taken.

ITEM 3.17 – CHESTNUT STREET PARKING

City Attorney Wieser reviewed with City Council a draft of Ordinance No. 498 that amends the No Parking regulation on Chestnut Street. Following discussion, Member Williams introduced the following Ordinance and moved its passage and adoption:

ORDINANCE NO. 498

AN ORDINANCE OF THE CITY OF LA CRESCENT AMENDING NO PARKING REGULATION AND THE CITY CODE WITH REFERENCE THERETO

The City Council of the City of La Crescent, Houston County, Minnesota, hereby ordains:

SECTION I. That Appendix “C” to Chapter 7.2 “No Parking Zones” of the City Code is hereby amended to add the following paragraph GG, paragraph HH to read as follows:

“HH” a) There shall be no parking on the east side of South Chestnut Street, Original Plat and Manton Plat, La Crescent, according to the official recorded plats thereof on file and of record in the Houston County Recorder’s Office, from its intersection with the south wall of the viaduct bridge and continuing southerly to its intersection with US Highway 16 and there terminating.

b) There shall be no parking on the west side of South Chestnut Street, Original Plat and Manton Plat, La Crescent, according to the official recorded plats thereof on file and of record in the Houston County Recorder’s Office, from its intersection with the south wall of the viaduct bridge as located on the date hereof south 500 feet and there terminating.

c) Parking on the west side of South Chestnut Street, Original Plat and Manton Plat, La Crescent, according to the official recorded plats thereof on file and of record in the Houston County Recorder's Office, shall be permitted for motor vehicles operated for commercial purposes for a period not to exceed 24 consecutive hours.

d) There shall be no parking on the west side of South Chestnut Street, Original Plat and Manton Plat, La Crescent, according to the official recorded plats thereof on file and of record in the Houston County Recorder's Office, from its southerly intersection with US Highway 16, northward 335 feet and there terminating the no parking designation.

SECTION II. REPEAL

Ordinance No. 453, an Ordinance amending no parking regulation and the City Code with reference thereto dated March 9, 2009 is hereby repealed upon this Ordinance becoming effective.

SECTION III. These provisions shall become effective from and after due passage and enactment and publication, according to law.

PASSED AND ENACTED this 14th day of September, 2015.

Mayor

ATTEST:

City Administrator

The foregoing Motion was duly seconded by Member Buehler and upon a roll call vote taken and tallied by the City Attorney, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The Ordinance was declared duly passed and adopted.

City Attorney Wieser then reviewed with Council the Summary Ordinance for publication. The Council made the following findings of facts: that publication of the summary informs the public of the intent and effect of the Ordinance.

Member Buehler then made a motion, seconded by Member Williams as follows:

MOTION THAT A PRÉCIS FORMAT OF SAID ORDINANCE 498 BE PUBLISHED IN THE OFFICIAL NEWSPAPER OF THE CITY AND WITH “OFFICIAL COPY” SO MARKED BE KEPT ON FILE IN THE OFFICE OF THE CITY ADMINISTRATOR

Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.18 – STREET CLOSURE REQUEST

City Council reviewed a request from the La Crescent Chamber of Commerce for approval to close off the streets for the Applefest Car Show on Saturday, September 19, 2015 on South 4th Street between Oak Street and Elm Street. The Chamber also requested cones to block off the street for the duration of the Car Show. Following discussion, Member Hutchinson made a motion, seconded by Member Buehler, as follows:

MOTION TO APPROVE THE STREET CLOSURE ON SOUTH 4TH STREET BETWEEN OAK STREET AND ELM STREET IN THE CITY OF LA CRESCENT FOR THE CHAMBER SPONSORED APPLEFEST CAR SHOW ON SATURDAY, SEPTEMBER 19, 2015 AND TO PROVIDE CONES FOR THE STREET CLOSURE.

Upon a roll call vote taken and tallied by the City Administrator, the following Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 3.19 – 2016 GENERAL FUND BUDGET/LEVY

City Administrator Waller reviewed with City Council the 2016 general fund budget and levy. It was recommended to Council that this item be added to the agenda for the Special City Council/Planning Commission Meeting on Tuesday, September 22, 2015 at 5:30 p.m. Following discussion, Member Williams made a motion, seconded by Member Krenz, as follows:

MOTION TO INCLUDE REVIEW OF THE 2016 GENERAL FUND BUDGET AND LEVY TO THE AGENDA FOR THE SPECIAL CITY COUNCIL/PLANNING COMMISSION MEETING ON TUESDAY, SEPTEMBER 22, 2015 AT 5:30 P.M.

Upon a roll call vote taken and tallied by the City Administrator, the following Members present voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried.

ITEM 7.1 – CORRESPONDENCE – INSURANCE SERVICES CENTER

City Council reviewed a correspondence dated August 13, 2015 from the Insurance Services Center regarding Building Code Effectiveness Grading Schedule Results. No action taken.

ITEM 8 – CHAMBER OF COMMERCE

Brooke White was introduced as a new representative for the La Crescent Chamber of Commerce.

There being no further business to come before the Council at this time, Member Williams made a motion, seconded by Member Buehler, to adjourn the meeting. Upon a roll call vote taken and tallied by the City Attorney, all Members voted in favor thereof, viz;

Bernie Buehler	Yes
Ryan Hutchinson	Yes
Brian Krenz	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried and the meeting duly recessed at 6:35 PM.

APPROVAL DATE: _____

SIGNED:

Mayor

ATTEST:

City Administrator