

MINUTES, REGULAR MEETING
CITY COUNCIL, CITY OF LA CRESCENT, MINNESOTA
NOVEMBER 12, 2019

Pursuant to due call and notice thereof, the first meeting of the City Council of the City of La Crescent for the month of November was called to order by Mayor Mike Poellinger at 5:30 PM in the La Crescent City Hall, La Crescent, Minnesota, on Tuesday, November 12, 2019, followed by the Pledge of Allegiance.

Upon a roll call taken and tallied by the City Administrator, the following members were present: Members Ryan Hutchinson, Cheryl Jostad, Teresa O'Donnell-Ebner, Dale Williams and Mayor Mike Poellinger. Members absent: None. Also present was City Administrator Bill Waller, City Attorney Skip Wieser, City Building/Zoning Official Shawn Wetterlin, and City Administrative Assistant Angie Boettcher.

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 to be considered as part of the Consent Agenda for this regular meeting:

- 1.1 MINUTES – OCTOBER 28, 2019
- 1.2 BILLS PAYABLE – NOVEMBER 7, 2019
- 1.3 CASH BALANCE/ACTIVITY REPORT – SEPTEMBER 2019
- 1.4 LIBRARY REPORT – SEPTEMBER 2019

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 Williams made a motion, seconded by Member Hutchinson, as follows:

A MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED.

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

Ryan Hutchinson	Yes
Cheryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.1 – RESOLUTION AWARDING 2019B BOND SALE

Tammy Omdal from Northland Securities reviewed with City Council the 2019B Bond Sale Award and Resolution. City Council also reviewed the finance plan that was originally presented at the October 7, 2019 City Council Meeting. It was recommended to City Council to adopt the Resolution. Following discussion, Member Hutchinson introduced the following resolution and moved its passage and adoption:

RESOLUTION NO. 11-19-28

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$3,450,000 GENERAL OBLIGATION BONDS, SERIES 2019B, PLEDGING FOR THE SECURITY THEREOF NET REVENUES 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 \$3,450,000 General Obligation Bonds, Series 2019B (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapters 475 and (i) Section 475.58, Subdivision 3b to finance various street reconstruction projects under the City's Five-Year Street Reconstruction Plan, adopted March 28, 2016 (the "Street Reconstruction Projects"); (ii) Section 444.075 to finance improvements to the municipal water and sanitary sewer systems (the "System Improvements"); and (iii) to current refund on February 1, 2020 (the "Call Date") the City's General Obligation Crossover Refunding Bonds, Series 2012B, in the original principal amount of \$4,505,000, dated May 1, 2012 (the "Prior Bonds"), and;

B. WHEREAS, on March 28, 2016, following duly published notice thereof, the Council held a public hearing on the issuance of approximately \$3,000,000 principal amount of bonds to finance the Street Reconstruction Projects and all persons who wished to speak or provide written information relative to the public hearing were afforded an opportunity to do so; and

C. WHEREAS, the City did not receive a petition signed by voters equal to five percent of the votes cast in the City in the last municipal general election requesting a vote on the issuance of the street reconstruction bonds within 30 days after the date of public hearing on the issuance of the Bonds was held; and

D. WHEREAS, the Street Reconstruction Portion of the Bonds, together with any outstanding bonds of the City that are subject to the City's net debt limit, do not exceed the City's net debt limit; and

E. WHEREAS, the City owns and operates a municipal water utility system (the "Water System") and a municipal sanitary sewer utility system (the "Sewer System" and together with the Water System, the "System"), as separate revenue producing public utilities; and

F. WHEREAS, the net revenues of the System are pledged to the payment of the City's outstanding (i) "System Portion" of General Obligation Bonds, Series 2011A, in the original principal amount of \$1,175,000, dated August 1, 2011; (ii) "System Portion" and the "2008A Refunding Portion" of General Obligation Utility Revenue and Crossover Refunding Bond, Series 2015A, in the original principal amount of \$1,960,000, dated September 15, 2015; and (iii) "Utility Improvement Portion" of General Obligation Bonds, Series 2016A, in the original principal amount of 3,860,000, dated June 1, 2016; and (collectively, the "Outstanding System Bonds"); and

G. WHEREAS, the net revenues of the Sewer System are pledged to the payment of the City's outstanding General Obligation Sewer Revenue Bonds, Series 2012A, in the original principal amount of \$1,210,000, dated March 1, 2012 (the "Outstanding Sewer Bonds"); and

H. WHEREAS, (i) \$2,765,000 aggregate principal amount of the Prior Bonds which matures on and after February 1, 2021 (the "Refunded Bonds"), is callable on the Call Date, at a price of par plus accrued interest, as provided in the Resolution adopted by the City Council on April 9, 2012, authorizing the issuance of the Prior Bonds (the "Prior Resolution"); and

I. WHEREAS, the refunding of the Refunded Bonds on the Call 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

J. WHEREAS, the City has retained AEM Financial Solutions, LLC, in Edina, Minnesota, as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9); and

K. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereafter provided.

NOW, THEREFORE, BE IT RESOLVED by the City 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 of the City (or individually, a "Bond"), in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$3,418,993.30, 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 December 17, 2019, as the date of original issue, be issued forthwith on or after such date in fully registered form, 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 mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$280,000	2029	\$45,000
2022	330,000	2030	45,000
2023	330,000	2031	50,000
2024	355,000	2032	50,000
2025	370,000	2033	50,000
2026	385,000	2034	50,000
2027	400,000	2035	50,000
2028	445,000		

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 \$360,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Street Reconstruction Projects (the "Street Reconstruction Portion"); the aggregate principal amount of \$260,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the System Improvements (the "System Portion"); and the aggregate principal amount of \$2,615,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the refunding of the Refunded Bonds (the "Refunding Portion"):

<u>Year</u>	<u>Street Reconstruction Portion</u>	<u>System Portion</u>	<u>Refunding Portion</u>	<u>Total</u>
2021	-	\$10,000	\$270,000	\$280,000
2022	\$20,000	15,000	295,000	330,000
2023	20,000	15,000	295,000	330,000
2024	20,000	15,000	320,000	355,000
2025	25,000	15,000	330,000	370,000
2026	25,000	15,000	345,000	385,000
2027	25,000	15,000	360,000	400,000
2028	25,000	20,000	400,000	445,000
2029	25,000	20,000	-	45,000
2030	25,000	20,000	-	45,000
2031	30,000	20,000	-	50,000
2032	30,000	20,000	-	50,000
2033	30,000	20,000	-	50,000
2034	30,000	20,000	-	50,000
2035	30,000	20,000	-	50,000

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, including the levy of taxes, the prepayment may be allocated to the portions of debt service in such amounts as the City shall determine. If the source of a prepayment is excess net revenues of the System pledged to the System Improvements, the prepayment shall be allocated to the System Portion of debt service. If the source of a prepayment is excess net revenues of the System pledged to the Refunded Bonds, the prepayment shall be allocated to the Refunding Portion of debt service.

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, 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 15 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.

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; Findings. The Bonds shall provide funds to finance the Street Reconstruction Projects and the System Improvements (collectively, the "Project"), and to current refund the Refunded Bonds (the

"Refunding"). The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Street Reconstruction Portion and the System Portion of the Bonds. Work on the Project shall proceed with due diligence to completion. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained. It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, and shall result in a reduction of debt service cost to the City.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2020, 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>
2021	4.00%	2029	2.40%
2022	4.00	2030	2.40
2023	4.00	2031	2.40
2024	4.00	2032	2.40
2025	4.00	2033	2.40
2026	4.00	2034	2.40
2027	4.00	2035	2.40
2028	2.10		

5. Redemption. All Bonds maturing on February 1, 2028, and thereafter, are subject to redemption on February 1, 2027, and on any date thereafter at the option of the City 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 (30) 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 in 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 BOND, SERIES 2019B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
___%	February 1, ____	December 17, 2019	

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, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2020, 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. The Bonds of this issue (the "Bonds") maturing on February 1, 2028, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2027, 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 thirty (30) 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 the 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 \$3,450,000, 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 November 12, 2019 (the "Resolution"), for the purpose of providing funds to finance various street improvement projects, municipal water system improvement projects and municipal sanitary sewer system improvement projects within the jurisdiction of the Issuer and for a current refunding of certain outstanding general obligation bonds of the Issuer. This Bond is payable out of the General Obligation Bonds, Series 2019B 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 principal 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 principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal 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 system and municipal sanitary sewer system (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 and Refunding Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the System Portion and 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 and 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 Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: NORTHLAND TRUST SERVICES, INC.

Payable at: NORTHLAND TRUST SERVICES, INC.

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

CITY OF LA CRESCENT, HOUSTON AND WINONA COUNTIES, MINNESOTA

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

/s/ Facsimile
_____ Mayor

Northland Trust Services, Inc.
Minneapolis, Minnesota
Bond Registrar

/s/ Facsimile
_____ Administrator

By: _____
Authorized Signature

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 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 the 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 December 17, 2019. 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 principal 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 Finance Director 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 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 created a special fund to be designated the "General Obligation Bonds, Series 2019B Fund" (the "Fund") to be administered and maintained by the 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 (together, 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 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 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) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less \$2,765,000.00 deposited in the Payment Account, less capitalized interest and less any amount paid for the Bonds in excess of the minimum bid. From the Construction Account there shall be paid all costs and expenses of the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. The moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Street Reconstruction Portion of the Bonds and the System Portion of the Bonds may also be used to the extent necessary to pay interest on the Street Reconstruction Portion of the Bonds and the System Portion of the Bonds due prior to the anticipated date of commencement of the collection of taxes herein levied or covenanted to be levied for the Street Reconstruction Projects or the collection of net revenues for the System Improvements. Any balance remaining in the Construction Account after completion of the Project shall be transferred to the Debt Service Account.

b) Payment Account. To the Payment Account there shall be credited the proceeds of the sale of the Refunding Portion of the Bonds. On or prior to the Call Date, the Finance Director shall transfer \$2,765,000 of the proceeds of the Bonds from the Payment Account to the paying agent for the Prior Bonds. The sums are sufficient, together with other funds on deposit in debt service fund for the Refunded Bonds, to pay the principal and interest due on the Refunded Bonds. Any monies remaining in the Payment Account after payment of the Refunded Bonds shall be transferred to the Debt Service Account.

c) Debt Service Account. There shall be maintained separate subaccounts in the Debt Service Account to be designated the "Street Reconstruction Projects Debt Service Subaccount", the "System Improvements Debt Service Subaccount", and the "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) Street Reconstruction Projects Debt Service Subaccount. To the Street Reconstruction Projects Debt Service Subaccount there shall be credited: (A) any collections of all taxes herein or hereinafter levied for the payment of the Street Reconstruction Portion of the Bonds and interest thereon; (B) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (C) capitalized interest in the amount of \$12,035.83 (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Street Reconstruction Portion of the Bonds on or before February 1, 2021); (D) all investment earnings on funds held in the Street Reconstruction Projects Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Street Reconstruction Projects Debt Service Subaccount. The Street Reconstruction Projects Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Street Reconstruction Portion of the Bonds and any other General Obligation Improvement Bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(ii) System Improvements Debt Service Subaccount. To the System Improvements Debt Service Subaccount there shall be credited: (A) 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 Improvements 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; (B) 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; (C) a pro rata share of all funds remaining in the Construction Account

after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the System Improvements Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the System Improvements Debt Service Subaccount. The System Improvements 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 general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(iii) Refunding Debt Service Subaccount. To the Refunding Debt Service Account there is hereby pledged and irrevocable appropriated and there shall be credited: (A) 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 sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Refunding Portion of the Bonds; (B) 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 Refunding Portion of the Bonds are insufficient therefor; (C) any balance remaining after the Call Date in the Prior Bonds Debt Service Account of the General Obligation Crossover Refunding Bonds, Series 2012B Fund created by the Prior Resolution; (D) all investment earnings on funds in the Refunding Debt Service Subaccount; (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Refunding Debt Service Subaccount. The amount of any surplus remaining in the Refunding Debt Service Subaccount when the Refunding 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 or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by 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 Street Reconstruction Portion of the Bonds.

a) Tax Levy. To provide moneys for payment of the principal and interest on the Street Reconstruction 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:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See Attached Schedule

b) Coverage Test. The tax levies are such that if collected in full they, together with and other revenues herein pledged for the payment of the Street Reconstruction Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Street Reconstruction Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Street Reconstruction 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.

17. Covenants Relating to the System Portion of the Bonds and the Refunding Portion of the Bonds.

a) Sufficiency of Net Revenues; Coverage Test. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal and interest on the System Portion of the Bonds, the Refunding Portion of the Bonds and the Outstanding System Bonds and a sum at least five percent in excess thereof. It is hereby found, determined and declared that the net revenues of the Sewer System are sufficient in amount 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 with the Outstanding System Bonds and the Outstanding Sewer Bonds for the payment of the System Portion of the Bonds and the Refunding Portion of the Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements 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 Refunding Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues of the System may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

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

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 System Portion of the Bonds and the 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."

18. 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.

a) Prior Bonds; Security and Prepayment. Until retirement of the Prior Bonds, all provisions for the security thereof shall be observed by the City and all of its officers and agents.

b) Redemption of Refunded Bonds. The outstanding Prior Bonds shall be redeemed and prepaid on the Call Date in accordance with the terms and conditions set forth in the Notice of Call for Redemption attached hereto as Exhibit B, which terms and conditions are hereby approved and incorporated herein by reference.

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

20. 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.

21. 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 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 (collectively 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 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 Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance 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 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 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 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 Bonds.

22. 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 of the City, 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.

23. Certificate of Registration. A certified copy of this resolution is hereby directed to be filed in the office of the County Auditor of Houston and Winona Counties, Minnesota together with such other information as the County Auditor shall require, and to obtain the County Auditor's Certificate that the Bonds have been entered in the bond register and the tax levy required by law has been made.

24. 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.

25. 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.

26. 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 (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bonds, and (3) 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);
- (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;

Furthermore:

- (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 Refunding Portion of the Bonds does not exceed the remaining average maturity of the Refunded Bonds; and

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

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

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during calendar year 2019 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during calendar year 2019 will be designated for purposes of Section 265(b)(3) of the Code; and

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

Furthermore:

(g) each of the Refunded Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;

(h) the average maturity of the Refunding Portion of the Bonds does not exceed the remaining average maturity of the Refunded Bonds;

(i) no part of the Refunding Portion of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued; and

(j) the Refunding Portion of the Bonds are issued to refund, and not to "advance refund" the Prior Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the Refunding Portion of the Bonds do not exceed the outstanding amount of the Prior Bonds.

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.

28. 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.

29. 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 12th day of November, 2019.

SIGNED:

Mayor

ATTEST:

City Administrator

The foregoing motion was duly seconded by Member O'Donnell-Ebner and upon a roll call vote taken and tallied by the City Administrator, the following Members voted in favor thereof, viz;

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote and the resolution duly passed and adopted.

ITEM 3.2 – ENGINEERING AGREEMENT – 2020 STREET PROJECT

City Administrator Waller reviewed with City Council an engineering agreement with WHKS for the 2020 street improvement project. City Council also reviewed a preliminary cost opinion along with a site plan of the project. The funds for this project are included in the bond issue which was the first agenda item at this meeting. The City has evaluated a number of potential projects for 2020, and this is the project that is in need of replacement and lines up with the funds available for a street reconstruction project in 2020. It was recommended to City Council to approve the agreement with WHKS. Following discussion, Member O'Donnell-Ebner made a motion, seconded by Member Williams, as follows:

MOTION TO APPROVE AN ENGINEERING AGREEMENT WITH AN ESTIMATED FEE OF \$48,000.00 BETWEEN THE CITY OF LA CRESCENT AND WHKS & CO. FOR THE 2020 STREET IMPROVEMENT PROJECT FOR HILL AND MAIN STREET USING FUNDS FOR THE PROJECT FROM THE 2019B BOND SALE.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.3 – ENGINEERING AGREEMENT – PASER RATING UPDATE

City Administrator Waller reviewed with City Council an engineering agreement with WHKS to update the City's street pavement ratings and assist with the preparation of a five year street reconstruction plan. City Council also reviewed the most recent pavement ratings along with the current five year street reconstruction plan that will no longer have any bonding authority after the 2020 street project. It was recommended to City Council to proceed so that there are funds available in 2021 for a local street improvement project. Following discussion, Member Hutchinson made a motion, seconded by Member O'Donnell-Ebner, as follows:

MOTION TO APPROVE AN ENGINEERING AGREEMENT WITH AN ESTIMATED FEE OF \$8,000.00 BETWEEN THE CITY OF LA CRESCENT AND WHKS & CO. TO UPDATE THE CITY'S STREET PAVEMENT RATINGS AND ASSIST WITH THE PREPARATION OF A FIVE YEAR STREET RECONSTRUCTION PLAN.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.4 – ENGINEERING AGREEMENT – ADA TRANSITION PLAN

City Administrator Waller reviewed with City Council an engineering agreement with WHKS to prepare the City's ADA Transition Plan. The City is required to have an ADA Transition Plan in order to receive federal funds for improvement projects. The City has received a \$1,000,000.00 Transportation Alternatives Program grant for the third phase of the Wagon Wheel improvement project. These are federal funds that are administered by MnDOT. There are funds in the 2020 general fund budget for this expenditure. It was recommended to City Council to approve the agreement with WHKS. Following discussion, Member Williams made a motion, seconded by Member Hutchinson, as follows:

MOTION TO APPROVE AN ENGINEERING AGREEMENT WITH AN ESTIMATED FEE OF \$12,000.00 BETWEEN THE CITY OF LA CRESCENT AND WHKS & CO. TO PREPARE THE CITY'S ADA TRANSITION PLAN USING FUNDS IN THE 2020 GENERAL FUND BUDGET.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.5 – ENGINEERING AGREEMENT – SEWER LINING PROJECT

City Administrator Waller reviewed with City Council an engineering agreement with WHKS for the 2020 sewer lining project. The funds for this project are included in the bond issue which was the first agenda item at this meeting. The City is proposing that in 2020 the sanitary sewers in these streets would be u-lined, and that in 2021 these same streets would then be reconstructed as part of the City's street reconstruction plan. In order to proceed, it was recommended to City Council to approve the agreement with WHKS. Following discussion, Member Jostad made a motion, seconded by Member O'Donnell-Ebner, as follows:

MOTION TO APPROVE AN ENGINEERING AGREEMENT WITH AN ESTIMATED FEE OF \$7,500.00 BETWEEN THE CITY OF LA CRESCENT AND WHKS & CO. FOR THE 2020 SEWER LINING PROJECT FOR CEDAR AND SPRUCE STREETS USING FUNDS FOR THE PROJECT FROM THE 2019B BOND SALE.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.6 – 2020 TRANSIT OPERATING AGREEMENT

City Administrator Waller reviewed with City Council the 2020 transit operating agreement with the La Crosse MTU for the operation of the local Apple Express bus service. In order to continue to provide the bus service, it was recommended to City Council to approve the 2020 operating agreement. Following discussion, Member Williams made a motion, seconded by Member Jostad, as follows:

MOTION TO APPROVE THE 2020 TRANSIT OPERATING AGREEMENT WITH THE LA CROSSE MTU FOR THE OPERATION OF THE LOCAL APPLE EXPRESS BUS SERVICE.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.7 – 2020 BUS LEASE

City Administrator Waller reviewed with City Council the 2020 motor vehicle lease with the La Crosse MTU. The City of La Crescent owns the bus that is used in the operation of the local Apple Express bus service and leases the bus to the La Crosse MTU. In order to continue to provide the bus service, it was recommended to City Council to approve the 2020 motor vehicle lease with La Crosse Municipal Transit Utility. Following discussion, Member Hutchinson made a motion, seconded by Member O’Donnell-Ebner, as follows:

MOTION TO APPROVE THE 2020 MOTOR VEHICLE LEASE WITH THE LA CROSSE MUNICIPAL TRANSIT UTILITY.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O’Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.8 – PERSONNEL COMMITTEE RECOMMENDATIONS

City Administrator Waller reviewed with City Council the following recommendations from the Personnel Committee:

1. On December 10, 2019, Kara Tarrence will have completed her three month trial period as the City Accountant. Effective December 10, 2019, Ms. Tarrence's probationary status be removed, and that she be classified as a regular City employee.
2. On December 10, 2019, Chris Fortsch will have completed her three month trial period as the City Administrative Clerk. Effective December 10, 2019, Ms. Fortsch's probationary status be removed, and that she be classified as a regular City employee

Following discussion, Member Williams made a motion, seconded by Member O’Donnell-Ebner, as follows:

MOTION TO APPROVE REMOVING CITY ACCOUNTANT KARA TARRENCE’S PROBATIONARY STATUS EFFECTIVE DECEMBER 10, 2019 AND THAT SHE BE CLASSIFIED AS A REGULAR CITY OF LA CRESCENT EMPLOYEE.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O’Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

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

MOTION TO APPROVE REMOVING CITY ADMINISTRATIVE CLERK CHRIS FORTSCH'S PROBATIONARY STATUS EFFECTIVE DECEMBER 10, 2019 AND THAT SHE BE CLASSIFIED AS A REGULAR CITY OF LA CRESCENT EMPLOYEE.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.9 – GREENSTEP APPOINTMENT

It was recommended to City council to appoint Eric Ressel to the City's Greenstep Committee. Following discussion, Member O'Donnell-Ebner made a motion, seconded by Member Williams, as follows:

MOTION TO APPROVE THE APPOINTMENT OF ERIC RESSEL TO THE CITY'S GREENSTEP COMMITTEE.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.10 – CARBON NEUTRAL ENERGY RESOLUTION

City Administrator Waller gave an overview to City Council regarding the City's Greenstep Committee's recommendation that the City Council adopt a Resolution in support of 100 percent carbon-neutral energy. City Council reviewed the Resolution, which was aspirational in nature. Following discussion, it was the consensus of City Council to make revisions to the Resolution and bring it back at a future City Council meeting.

ITEM 3.11 – 2019 LICENSE RENEWAL

City Council reviewed a proposed massage business and technician license renewal application for Heaven's Hands. As of November 1, 2019, the applications appear to be in order, and it was recommended to City

Council to approve the license renewal applications. Following discussion, Member Williams made a motion, seconded by Member Hutchinson, as follows:

MOTION TO APPROVE A MESSAGE BUSINESS & MESSAGE TECHNICIAN LICENSE RENEWAL FOR 2019 FOR HEAVEN’S HANDS.

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

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O’Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote.

ITEM 3.12 – DOWNTOWN DEVELOPMENT REVIEW

City Administrator Waller reviewed with City Council the monthly update on the proposed downtown development that was first discussed at the August 12, 2019 City Council meeting. The following has occurred in the last month:

1. A third programming meeting was held with the Architect, City Hall staff, and staff and Board members from the La Crescent Public Library. City Council reviewed a summary from that meeting.
2. The next step in the process will be to conduct tours of a few new City Hall/Library facilities that have been constructed in the area.
3. We are in the process of coordinating a meeting with a potential developer that has expressed some interest in a housing project in downtown La Crescent.

This item was informational, and no action was taken.

ITEM 5 – MAYOR’S COMMENTS

Mayor Poellinger turned the floor over to Member O’Donnell-Ebner who reported on her attendance at the League of Minnesota Regional Conference. No action taken.

ITEM 8 – CHAMBER OF COMMERCE

Eric Miner of the La Crescent Chamber of Commerce reported on the upcoming Christmas in La Crescent.

There being no further business to come before the Council at this time, Member O’Donnell-Ebner made a motion, seconded by Member Hutchinson, to adjourn the meeting. Upon a roll call vote taken and tallied by the City Administrator, all Members present voted in favor thereof, viz;

Ryan Hutchinson	Yes
Cherryl Jostad	Yes
Teresa O'Donnell-Ebner	Yes
Dale Williams	Yes
Mike Poellinger	Yes

and none voted against the same. The motion was declared duly carried by a 5-0 vote and the meeting duly adjourned at 6:33 PM.

APPROVAL DATE: _____

SIGNED:

Mayor

ATTEST:

City Administrator